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UN ENVOY URGES U.S., USSR TO LEAD IN DISARMAMENT

OW070039 Beijing XINHUA in English 0016 GMT 7 May 87

[Text] United Nations, May 6, (XINHUA) -- China today urged the Soviet Union and the United States to take the lead in reducing their armaments.

Speaking at a meeting of the U.S. Disarmament Commission, Fan Guoxiang, Chinese ambassador for disarmament affairs, noted that in the world today only the two superpowers were capable of waging another world war. So they should follow the logic by "taking the lead" in reducing their armaments, particularly their nuclear armaments.

He said, "The United States and the Soviet Union should be the first to halt the test, production and deployment of all kinds of nuclear weapons and to drastically reduce and destroy all kinds of such weapons deployed at home and abroad, so as to create conditions for other nuclear powers to participate in the process of nuclear disarmament."

"This is the only realistic and practical approach towards the complete prohibition and thorough destruction of nuclear arms," he said, adding that China, as a nuclear state, would by no means shirk its own responsibility for nuclear disarmament, and would continue making contributions to that end.

Speaking on checking the arms race in the outer space, Fan hoped to see the early conclusion of an international convention on the complete elimination of outer space weapons.

The Chinese ambassador stressed it was the nuclear weapons that posed the gravest threat to humanity, and nuclear disarmament could not but be given the highest priority in all disarmament efforts.

He emphasized the importance and urgency of conventional disarmament, saying the international community has every reason to ask the superpowers which possess the largest and most sophisticated conventional arsenals as well as the two military alliances to be the first to reach agreement on drastically reducing their conventional arms, offensive conventional forces first and foremost, with a view to maintaining peace and security in Europe and the world at large.

In his speech, Fan hoped that an agreement on the reduction of military expenditures would be reached at the current annual session of the disarmament commission.

Dealing with verification of arms limitation and disarmament agreements, a new item on the agenda, Fan said that the establishment of necessary and effective international verification provisions and their perfection would be conducive to confidence building among all parties to disarmament agreements and the strict implementation of such agreements. Verification measures should be made a necessary component of disarmament agreements, he said.

Meanwhile, he added that owing to the sensitive and complex nature of the issue, and in the absence of disarmament accords, it seemed that extensive efforts would still be required to have these basic principles expanded, enriched and detailed for implementation.

Fan said China had consistently pursued an independent foreign policy of peace, and dedicated itself to security an international environment of lasting peace and stability.

While confirming opposition to the arms race and the promotion of disarmament as "an important part of China's independent foreign policy of peace," Fan said the Chinese people and government had been making contributions through their concrete actions to the relaxation of international tension, promotion of disarmament and maintenance of world peace, and they were ready to do still more.

The U.N. Disarmament Commission has been holding its 1987 annual session since Monday. Founded in 1952, the commission is entrusted by the General Assembly with the task of preparing proposals for the regulation, limitation and balanced reduction of all armed forces and all armaments in a coordinated, comprehensive program by stages.

#### LI PENG ADDRESSES ILO SYMPOSIUM OPENING

OWO71204 Beijing XINHUA in English 1120 GMT 7 May 87

[Text] Beijing, May 7 (XINHUA) -- An Asia and Pacific worker education symposium on the challenges of the 90's and sponsored by the International Labor Office [ILO] opened in Beijing today.

The symposium, Beijing's first of its kind, is hosting 34 participants from 13 countries.

Speaking at the opening ceremony, Chinese Vice-Premier Li Peng said, "In China, adult education, including worker education, plays an important role in the country's educational system."

Li, also minister in charge of the State Education Commission, pointed out, "China is now shifting the focus of worker education from assisting workers to earn diplomas to encouraging individual abilities through on-the-job training. China is mobilizing various sectors to carry out diverse educational programs in different areas."

"In developing worker education," Li added, "trade unions play an important role."

"The Chinese Government has always been interested in other countries' educational development and is willing to work with them," Li noted.

[Name indistinct] Bolin, deputy director-general of the International Labor Office, cited three focuses of worker education: the role of worker education and its place in the general education system; the need for trade unions to properly equip themselves to meet educational obligations and achieve their goals in education and training; and promoting international cooperation.

Ni Zhifu, president of the All-China Federation of Trade Unions, I. Chambers, director of the ILO Beijing office, and C. Poloni, chief of the ILO worker education program, also spoke at today's ceremony, which was chaired by Luo Gan, vice-president of the All-China Federation of Trade Unions.

The symposium, which will end on May 15, will also discuss the role of trade unions in national development, the focus and role of worker education in economic and social development in the Asia and Pacific region, ways for workers to receive education, prospects for Asia and Pacific worker education and forms of international cooperation.



LI PENG MEETS U.S. ALUMINUM COMPANY'S PRESIDENT

OW031218 Beijing XINHUA in English 1214 GMT 3 May 87

[Text] Beijing, May 3 (XINHUA) -- Chinese Vice-Premier Li Peng met Fred Fetterolf, president and chief operating officer of the Aluminum Company of America, here this afternoon. Fetterolf and his colleagues, who arrived a week ago, have held discussions with leading officials of the China National Nonferrous Metals Import and Export Corporation on cooperation in aluminum. They also toured an aluminum plant in Shandong Province to conduct feasibility study for cooperation. The visitors are scheduled to leave for home tomorrow.

LI PENG, FANG YI CONGRATULATE U.S. PROFESSOR

OW061802 Beijing XINHUA in English 1456 GMT 6 May 87

[Excerpts] Tianjin, May 6 (XINHUA) -- Famous Chinese-American mathematician Shing Shen Chern today enjoyed his 50th anniversary celebration of teaching in Nankai University, his alma mater with congratulations from senior Chinese leaders. [passage omitted]

Vice-Premier and Minister of the State Education Commission Li Peng and State Councillor Fang Yi sent congratulations to the professor. Professor Shing Shen Chern's former teacher, Zhou Peiyuan, vice-chairman of the Chinese Political Consultative Conference National Committee, has come to congratulate him. [passage omitted]

LI PENG GREETs STANDARD OIL COMPANY CHAIRMAN

OW071052 Beijing XINHUA in English 1041 GMT 7 May 87

[Text] Beijing, May 7 (XINHUA) -- Chinese Vice-Premier Li Peng met R.B. Horton, chairman of the Standard Oil Company, U.S.A., and his party here today.

LI PENG, U.S. FLUOR CORPORATION CHAIRMAN TALK

OW071054 Beijing XINHUA in English 1042 GMT 7 May 87

[Text] Beijing, May 7 (XINHUA) -- Chinese Vice-Premier Li Peng met here today David S. Lappan, chairman of the Fluor Corporation, U.S.A.; Christopher H. Phillips, former president of the National Council of U.S.-China Trade, and their party. Wang Shoudao, president of the China Association for International Friendly Contacts, was present.

GU MU, U.S. TRADE COMMISSION OFFICIAL CONFER

OW071056 Beijing XINHUA in English 1039 GMT 7 May 87

[Text] Beijing, May 7 (XINHUA) -- Chinese State Councillor Gu Mu conferred here today with Ms. Anne Brunsdale, vice-chairman of the U.S. International Trade Commission. Gu Mu briefed the visitor on China's foreign trade and its efforts to absorb foreign investment. Ms. Brunsdale and her party, who arrived on May 3 as guests of the Chinese Ministry of Foreign Economic Relations and Trade, are scheduled to make a ten-day tour of coastal cities in east and south China.

JIEFANGJUN BAO EXAMINES SOVIET ECONOMIC REFORMS

HK010455 Beijing JIEFANGJUN BAO in Chinese 22 Apr 87 p 4

[Article by Chen Xueyan (7115 1331 3601): "Soviet Economic Reforms: Present Status and Policy Measures"]

[Text] "The Soviet reforms have achieved initial results, and life in society has undergone enormous changes"; however, "the Soviet Union's transformation for the better remains slow, reforms have turned out to be more difficult than originally expected, and the accumulated problems of society are rather deep-rooted." Nevertheless, for the Soviet Union, "there is no other way but to adhere to the reforms. The Soviet Union cannot back off because there is no way to go." This was the assessment made recently by Soviet leader Gorbachev on the ongoing reforms in the country. It also demonstrated the determination of the Soviet Union to carry on the reforms.

Reforms have been introduced on several occasions in Soviet history but have failed for various complicated reasons. Since taking over in 1985, Gorbachev has been determined to restructure the existing economic system. The basic characteristics of the Soviet economic reform may be summarized as follows: Under the premise of macroeconomic control through state planning, systematically expand the decisionmaking powers of enterprises based on "economic accounting, self-financing, and assuming sole responsibility for losses or profits"; on the basis of an economy dominated by ownership by the people and the collective, allow private economy to exist to a certain degree and to develop within limits; within the management system, gradually shift from administrative measures to economic measures; and open up to the outside world and set up joint ventures with capitalist countries.

Following the implementation of its economic reforms, the national income in the Soviet Union for 1986 increased by 4.1 percent over the previous year, and 1986 shows the fastest growth rate of any year in the eighties, surpassing the average annual growth rate for the present 5-year plan (3.5 percent to 4 percent). Industrial production value grew by 4.9 percent and also exceeded the average annual growth rate set in the 5-year plan (3.9 percent to 4.4 percent). Agricultural production value rose by 5.1 percent while grain production reached 210 million tons, an increase of 18.40 million tons over that of 1985.

Soviet public opinion believes that the Soviet Union has indeed encountered immense obstacles and difficulties along the path of reforms. Objectively speaking, the old economic model has deeply-rooted influence and the establishment of a new economic system will definitely not be a simple matter and would require a comparatively long transformation process. Some Soviet economists have said that the present reforms are still in the stage of deliberations, policy formulations, experimentation and partial reforms, and that comprehensive reforms will be launched in the 13th 5-Year Plan (starting 1991). As for subjective factors, Gorbachev admits that in the ongoing reforms in the Soviet Union, "conservative thinking, laziness, disdain for all those who do not conform to customs or formulas, and reluctance to resolve urgent social and economic problems -- all these inclinations often take the upper hand;" some people are not adept in carrying out objective scientific analysis and "make inadequate assessment of the dialectical interaction between socialist relations of production and productive forces"; not a few people among the cadres resist and oppose the reforms in various manners. Gorbachev believes that if these problems are not settled, it will be very difficult to carry on with the reforms.

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Zeroing on the existing obstruction, the Soviet Union adopted corresponding measures:

To unify thoughts and establish the ideological foundation for smooth progress of the reforms, conscientious revelations have been made of the flaws existing in various domains in the Soviet Union since the seventies. The CPSU Central Committee pointed out that the theoretical concepts in the Soviet Union have remained at the levels of the 1930's and 1940's; the economic system has become a mechanism obstructing social economic development and restricting improvement; self-will is exercised in operations and administration, denying the law on commodities relations and values; egalitarianism is practiced in labor remuneration.

To build a team of cadres that will implement and support the reforms, the CPSU since 1985 has removed and replaced a large number of leading cadres at all levels who have demonstrated reluctance toward the reforms. It stressed that the attitude toward the reforms will be used as the "decisive standard" to judge the cadres, and urged cadres at all levels to enhance their own political and vocational qualities, and learn to work under conditions of economic reforms. It also decided that henceforth, responsible persons of enterprises and production units will be elected through a democratic process.

To clarify to enterprises the contents and scope of responsibility of the reforms, a draft law on state enterprises was proclaimed. The law on enterprises stipulated that acting on the basis of the state plan, enterprises can independently decide on production and development issues, and can engage on foreign economic activities, as well as enjoy the right to sell and rent out idle assets and others.

#### USSR MEDIA DELEGATION ARRIVES FOR PRC VISIT

OW080308 Beijing in Russian to the USSR 1800 GMT 7 May 87

[Text] A USSR State Committee for Television and Radio Broadcasting delegation, consisting of three people and headed by Popov, deputy chairman of the USSR State Committee for Television and Radio Broadcasting, flew into Beijing 7 May.

This is the first such visit by USSR radio and television broadcasting leaders to China in more than 20 years. During its visit the delegation will visit Shanghai, Xian, and Guangzhou, as well as the Shenzhen Special Economic Zone.

The Soviet visitors were warmly welcomed at the airport by Ma Qingxiong, vice minister of PRC radio, cinematography, and television; and Gao Ze head of the Ministry of Radio, Cinematography, and Television Foreign Affairs Department. Troyanovskiy, USSR ambassador to the PRC, was at the airport to greet the delegation.



KYODO JOURNALIST EXPELLED FOR STEALING SECRETS

HK080720 Hong Kong AFP in English 0718 GMT 8 May 87

[Text] Beijing, May 8 (AFP) -- China has decided to expel a Japanese journalist accused of having "stolen state secrets" and has given him 10 days to leave the country, Western diplomatic sources said here.

Shuitsu Henmi, a permanent correspondent with the KYODO NEWS SERVICE, was driven by police Friday to the Beijing headquarters of the Ministry of State Security, the espionage and anti-espionage branch of China's police network.

He was also accused of having "fabricated reports," said sources who requested to remain anonymous.

The Beijing Bureau of the KYODO NEWS SERVICE declined to comment on the matter.

Further on PRC Expulsion

HK080744 Hong Kong AFP in English 0736 GMT 8 May 87

[Text] Beijing, May 8 (AFP) -- Mr Henmi, 42, a correspondent in Beijing since 1984, is the third foreign journalist to be expelled by the Chinese authorities in less than 10 months.

The last correspondent to be expelled was Lawrence MacDonald of the Beijing bureau of AGENCE FRANCE-PRESSE.

The expulsion of the KYODO NEWS SERVICE correspondent coincides with a difficult period in Sino-Japanese relations following the January disgrace of Chinese Communist Party Chief Hu Yaobang, considered one of the most vocal advocates of improved relations with Japan.

The Japanese correspondent was told by an unidentified official of the Ministry of State Security that China had originally considered prosecuting, but had decided to expel him out of consideration for Sino-Japanese relations, the sources said.

COMMENTARY SAYS 'POLITICAL STORM' AWAITS NAKASONE

OW051348 Beijing XINHUA in English 1328 GMT 5 May 87

["Commentary: Nakasone Returns From U.S. With Heavy Load (by Zhang Kexi)" -- XINHUA headline]

[Text] Tokyo, May 5 (XINHUA) -- Japanese Prime Minister Yasuhiro Nakasone's just-concluded visit to the United States has been a success, but one that has put heavy burdens on his shoulders.

Although Nakasone has succeeded in preventing the further deterioration of Japan-U.S. trade relations with the Washington trip, he has been given a lot of "homework" to do at the same time. A political storm awaits him in Japan as he prepares to carry out promises made during the tour.



The whirlwind Washington tour has brought "presents" from U.S. President Ronald Reagan which are quite out of Nakasone's expectations. One of them is Reagan's promise to lift the punitive 100 percent tariffs imposed on imports of Japanese electronics April 17 if there is clear evidence that Japan's exports to [the] U.S. have decreased along with exports to third-country markets.

As well, Reagan promised efforts to prevent U.S. trade protectionism from rising and to coordinate policies in stabilizing exchange rates.

Neither country gave up too much in the bargaining.

Nakasone's most important promise was to reduce Japan's 52-billion-U.S.-dollar trade surplus with the U.S. by increasing domestic demand by expanding imports.

To achieve this goal, Japan has to make a historic change: to change its economy from export-driven growth to import-inducing growth. But the Japanese know they will suffer as the economy is restructured.

Nakasone's first step will be to prepare a supplementary budget of 34.68 billion dollars, concentrating on public works and social spending. Nakasone promised Reagan and the U.S. Congress that the money would not be offset by cuts in the next year's budget.

The government's 382 billion-dollar budget for fiscal 1987 is yet to be approved by the upper house of the Japanese Diet (parliament).

However, the idea of compiling a supplementary budget conflicts with the austerity measures Nakasone has been pursuing since he came to power in 1982. This kind of reversal could cost the prime minister.

Nakasone must also work out the details of a promised 30-billion-dollar aid package for the world's developing countries.

As Nakasone has promised to the U.S., Japan will increase imports of U.S. farm products and will bring farm issues, including imports of rice, into the agenda of a new round of multi-lateral trade talks under the General Agreement on Tariffs and Trade. This plan will inevitably touch off opposition from Japanese farmers, and may cost Nakasone their political support.

Meanwhile, the political storm aroused by the controversial five-percent sales tax issue, shelved by the government after heavy public criticism, is likely to return as Nakasone pledged to reform the country's tax system.

Within the ruling Liberal Democratic Party, factional infighting, which characterizes the Japanese politics, will also get fierce. It will be fueled by Nakasone's three potential successors -- Finance Minister Kiichi Miyazawa, former Finance Minister Noboru Takeshita and former Foreign Minister Shintaro Abe -- battling for power.

Nakasone faces a thorny path as he tries to hold on to the reins of government.

Nevertheless, Nakasone, who "has kindled new fighting will" with his international diplomatic gains, will fight for defending his policy until his one-year extension of his term as prime minister expires in October.

FANG YI MEETS JAPANESE INFORMATION SERVICE GROUP

OW070802 Beijing XINHUA in English 0625 GMT 7 May 87

[Text] Beijing, May 7 (XINHUA) -- Chinese State Councilor Fang Yi met a delegation from the Japan Information Service Industry Association led by its chairman Ichiro Tanizawa here this morning.

The delegation arrived here yesterday for expanding Sino-Japanese cooperation in computer software.

KIM IL-SONG RECEIVES PLA DELEGATION FROM SICHUAN

OW061836 Beijing XINHUA in English 1745 GMT 6 May 87

[Text] Pyongyang, May 6 (XINHUA) -- Korean President Kim Il-song today met a visiting Chinese People's Liberation Army (PLA) delegation and a party delegation of China's Sichuan Province, and recalled the Chinese Army's support for the North in the Korean War.

The military delegation, led by the commander of Chengdu Military area Fu Quanyou, arrived here on April 27 and the party delegation, led by Sichuan Provincial Party Secretary Yang Rudai, arrived here last Friday.

Kim told the delegations that the Korean people will never forget the support of the Chinese Army, the blood of whose soldiers was spilled in Korea during the war.

He stressed that the Democratic People's Republic of Korea (DPRK) hopes to maintain a peaceful environment so as to build the nation and raise the living standard of the people.

He said the DPRK will never launch a "southward invasion." The south's insistence that a "southward invasion" could happen is merely an excuse fabricated to justify maintaining the U.S. military presence in South Korea, he said.

China's Sichuan Province and the DPRK's South Pyongan Province established a special "friendship" relationship in October 1985.

NEWS ANALYSIS TO USSR ON WEST EUROPE'S DECISIONS

OW300013 Beijing in Russian to the USSR 1800 GMT 28 April 87

[New analysis by Beijing radio correspondents in Washington]

[Text] Discussion on Euromissiles began at the eighth round of American-Soviet disarmament talks in Geneva on 23 April. Before the start of the talks, the Soviet representative told reporters that he was optimistic, and that Moscow is hoping to reach an agreement this year with the United States on the elimination of intermediate-range missiles in Europe.

Speaking on the same day, U.S. President Reagan said that the prospects for reaching an agreement between the United States and the USSR on the question of intermediate-range missiles were becoming brighter. U.S. Secretary of State Shultz even stated that the main factors for reaching an agreement are already on hand.

However, observers have noted that the West European states -- U.S.' NATO partners -- have yet to react to Gorbachev's new initiatives, which propose that talks on the elimination of short-range missiles in Europe be included with talks on intermediate-range missiles.

Shultz, following talks in Moscow in the middle of April with the Soviet foreign minister, went directly from Moscow to Brussels to inform the foreign ministers of NATO countries about the above-mentioned Gorbachev proposals and to consult with them.

The new Gorbachev proposal poses a puzzling question. To totally dismantle the intermediate and short-range missiles deployed in Europe appears to be a good notion to soften the U.S.-USSR presence in Europe.

However, this proposal could turn Europe into a nuclear-free zone and then the West, deprived of nuclear weapons, would no longer have the upper hand against the Soviet Union, which has an advantage in conventional weapons. It is precisely because of this that West European countries, with unusual caution, are reacting to this new proposal by the Soviet Union. However, it is difficult for them to reject it, for the United States would have to remove only about 300 Pershing and cruise missiles, while the Soviet Union would eliminate 1,200 SS-20 warheads and 130 nuclear short-range missiles.

Moreover, if the Soviet proposals were to be rejected, this would mean the continuation of the arms race between the USSR and the United States in Europe, which would lead to an even more serious nuclear confrontation. Besides, in the presence of the powerful voice of the West European peoples, the rejection of the proposals by the governments of these countries, and the continuation of the arms race is tantamount to political suicide.

Faced with this alternative, it was proposed that the United States of America and the Soviet Union should abolish intermediate-range missiles in Europe, but preserve or deploy in this area a small number of short-range missiles. As THE WASHINGTON POST reported on 23 April, Shultz, while briefing the NATO foreign ministers in Brussels about his talks in Moscow, put forward three alternatives. First and second alternatives proposed either to accept or reject the new Gorbachev initiative. The third alternative is to make amendments to the Gorbachev initiative. That is, the United States and the Soviet Union would deploy either 50 or 100 short-range missiles in Europe and put aside, for the time being, the question of whether the Soviet Union would agree to this alternative. [paragraph continues]

Should, however, the United States deploy short-range missiles in the territory of West Europe, which of the West European countries would accept the U.S. decision?

The new Gorbachev initiative has also placed the Government of the United Kingdom in a difficult position. Mrs Thatcher, before the recent visit to Moscow and during the visit, had on many occasions reaffirmed the importance of the nuclear deterrent policies and the preservation of peace on earth. At a press conference, she stated unambiguously that the United Kingdom is not prepared to accept proposals for the denuclearization of Europe. Now, Mrs Thatcher is trying as hard to ensure the success of her party at the elections. That is why she does not wish to be the first to speak out against the Soviet proposals, thus being the culprit in a disarmament breakdown which would weaken her position at the elections.

Among all the West European countries, France reacted with the least enthusiasm to the Soviet initiative. France also declined to send representatives to the consultations organized by Shultz in Brussels.

Following talks with UK Prime Minister Thatcher in London on 26 April on the question of U.S.-SSR talks on nuclear arms, French Prime Minister Jacques Chirac stated once again that the United States must preserve nuclear deterrent forces in Europe. He considers the preservation of nuclear deterrents necessary for the preservation of peace in Europe and expressed concern with the prospects of denuclearization of Europe.

The eighth round of U.S.-USSR talks on intermediate-range missiles in Geneva began before NATO had reacted to the Gorbachev proposals. The indecision of the West European countries fully demonstrated their contradictory psychology on the matter of tactical strategic missiles in Europe.

Some NATO officials feel that, in all probability, 2 weeks will be needed to reach consensus on the questions of intermediate and short-range missiles among the NATO countries.

Even though the American and Soviet sides are optimistic about the results of the talks on intermediate-range missiles, then success of these talks cannot but depend on the attitude of West European countries to this question.

#### RENMIN RIBAO VIEWS WESTERN EUROPE'S 'HESITATION'

HK070839 Beijing RENMIN RIBAO in Chinese 6 May 87 p 6

[Commentary by RENMIN RIBAO reporter Ma Weimin (7456 3634 3045) from Paris on 5 May: "Hesitation at the Juncture of Making a Choice"]

[Text] While U.S.-Soviet talks on nuclear disarmament are progressing well and have achieved some results, Western Europe is perplexed and hesitant. France said that Western Europe "needs time to think" and asked the United States "not to act with undue haste." This reflects Western Europe's perplexity and hesitation.

In the current political battle of reducing Euro-missiles, Western Europe feels it is being attacked from the rear. The zero option on intermediate missiles was first proposed by a Western European (former West German Chancellor Schmidt) and then became a common proposal of Western countries. The Soviet Union has rejected the proposal for many years, but now suddenly accepts it. [paragraph continues]



At the end of March, British and French leaders emphasized in Moscow and Washington, respectively, an absolute advantage of the Soviet Union in short-range intermediate nuclear missiles, but the United States promised to "protect the interests of its allies" (by President Reagan) and the Soviet Union went further to offer the "zero settlement." Western Europe has all along advocated "a downward balance" between the forces of Eastern and Western countries in Europe. The current trend in U.S.-Soviet talks on Euromissiles is moving in this direction, from a zero in long-range intermediate nuclear missiles to a zero in short-range intermediate nuclear missiles, and it will further develop "downward" in chemical and conventional weapons. As a result, on the one hand, Western Europe disapproves of "denuclearization" from its own safety; on the other, it has a pain that is hard to disclose in regard to the step-by-step development in this direction. Its hesitance precisely reflects this ambivalence.

An opposite thing has now appeared in West-East relations. Only 1 year ago, Western Europe was pushing the Soviet Union and the United States to seriously hold talks, but now the Soviet Union and the United States are pressing Western Europe to accept the results of their talks. Gorbachev seriously asked "Paris, London, and Bonn to make their contributions in eliminating intermediate missiles in Europe." The United States was unhappy with Western Europe's hesitation, and Shultz asked its allies to express their views on the "zero settlement" in 15 days.

Western Europe is indeed facing a new situation. Post-war safety in Western Europe was maintained under U.S. nuclear protection. This is a historical result. Even France, which pursues an independent defense policy, also bases its safety on two things: its independent nuclear deterrent and its alliance with the United States. To Western Europe, Pershing-II's are not only resistance to SS-20's, but have also, and more importantly, strengthened U.S.-European strategic ties. The zero settlement on intermediate-range missiles will deactivate NATO's "flexible response" strategy and U.S. nuclear protection will become more unreliable. This will also harm French and British nuclear forces. France also fears that West Germany will meet more external political pressure in the future. On the question of "decoupling," the United States explained that there will be no "decoupling," but most Western Europeans do not believe it because the "zero settlement" after all indicates that the United States will reduce its military presence in Western Europe for the first time since the war. Former French President D'Estaing holds that this marks the "end of the post-war period." A serious problem is: Has Western Europe the political will to organize its own defense? Is it willing to make financial sacrifices? The radical change in Western Europe's safety structure is precisely the cause for Western Europe's perplexity and hesitation on the current issue of intermediate-range missiles.

In Western Europe's eyes, the Soviet Union and the United States are holding talks on their missiles in appearance, but on Europe's safety in essence. Britain and France, the two nuclear powers, and West Germany, an essential element in the issue, have frequently held meetings. According to information disclosed after the Chirac-Kohl meeting, Western Europe is trying to determine a common stand before the end of May. However, although the three countries worry about Europe's "denuclearization" to different extents, they all have their own difficulties. The vast majority of West Germans support the "zero settlement," and Kohl finds it difficult to decide between the two choices. A general election will soon be held in Britain, so Thatcher will not provide a handle for her opposition. As France is indirectly involved in the deployment and dismantling of Euromissiles, it is not in a position to say too much. The politics of coexistence of government and parliament have also restricted France's diplomatic ability. Therefore, it is impossible for them to take a stand conflicting with the United States. If they reach a consensus, people doubt whether it can affect the United States.

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Public opinion here believes that the United States is resolved to reach an agreement with the Soviet Union on Euromissiles because it needs such an agreement. All other problems are side issues. It is estimated that except for radical changes in the "Irangate" incident, no other factors can prevent the Soviet Union and United States from reaching an agreement in the near future. With the prospect of settling the Euromissile issue on the basis of the zero option, Western Europe will perhaps have to make the most serious choice in post-war years on its safety.

ZHANG JINGFU MEETS UK ENGINEERING GROUP CHAIRMAN

OW051412 Beijing XINHUA in English 1351 GMT 5 May 87

[Text] Beijing, May 5 (XINHUA) -- Chinese State Councillor Zhang Jingfu met here today Lord Jellicoe, former lord chancellor of the British House of Lords and board chairman of Davy Corporation, an international engineering consortium.

During the meeting, Zhang said that China intends to strengthen its economic cooperation and trade with Britain and other member countries of the European communities.

Lord Jellicoe and his party arrived here Sunday at the invitation of the China Council for the Promotion of International Trade. They met senior officials of the Chinese Ministry of Foreign Economic Relations and Trade and Ministry of Textile Industry during their stay here. They exchanged views on the possibilities for cooperation in the textile, metallurgical and petro-chemical industries.

SONG PING MEETS ECONOMISTS FROM FEDERAL GERMANY

OW071218 Beijing XINHUA in English 1154 GMT 7 May 87

[Text] Beijing, May 7 (XINHUA) -- Song Ping, state councillor and minister in charge of the State Planning Commission, met a group of economists from the Federal Republic of Germany headed by Otto von Wurzen, state secretary of the Ministry of Economics.

Song and Wurzen discussed ways of expanding the bilateral cooperation in economy, technology, trade and personnel exchanges and of reducing the Chinese deficit in the bilateral trade.

The German guests are here to attend the first seminar on economic development and management between China and Federal Germany, which closed yesterday.

BULGARIAN LEADER CONTINUES VISIT, MEETS DENG

OW070916 Beijing XINHUA Domestic Service in Chinese 0655 GMT 7 May 87

[Text] Beijing, 7 May (XINHUA) -- Deng Xiaoping, chairman of the Advisory Commission of the CPC Central Committee, told Bulgarian leader Todor Zhivkov today: Our attitude is to let bygones be bygones and look forward in everything.

Deng Xiaoping held a sincere and cordial [cheng zhi qin qie di 6134 2304 5024 0434 4104] conversation with Todor Zhivkov, general secretary of the Bulgarian Communist Party Central Committee and president of the Bulgarian State Council, in the Great Hall of the People this morning. They said they were very happy to meet each other again 30 years after their last meeting.

Deng Xiaoping said: We are veteran fighters and this is a meeting between veteran fighters. Veteran fighters have their merits. They always do more to benefit the people, their countries, and the communist cause. Of course, it is unavoidable that they make mistakes and even have some disputes. Let us put an end to such issues while we are still alive.

He said: When Comrade Tito was visiting Beijing in 1977, I also met him in the capacity of a veteran fighter. I said to him: The two sides had many quarrels in the past. We have indeed made some mistakes, but you are not totally correct either. The way to solve the problem is to let the wind sweep away all past issues and look forward in everything.

Zhivkov said: "I agree with you completely."

Deng Xiaoping said: Bulgaria enjoys a long political stability and a long and steady economic development. We are very happy that you have done a good job. Bulgaria carried out a reform earlier in the light of its reality. Its experience is precious.

He said: China suffered more twists and turns. It was at the 3d Plenary Session of our party's 11th Central Committee in December 1978 that we summed up our experience gained since the founding of the People's Republic, put forward current principles and policies, and began to undertake socialist modernization wholeheartedly.

Briefing the guests on China's policy of reform and opening to the outside world, Deng Xiaoping said: The reform yielded results as soon as it began. We can attain all our short-range objectives. We also have hopes of attaining our long-range objectives in the next century, because our current approaches are correct and supported by the people.

Zhivkov expressed his satisfaction over the development of Bulgarian-Chinese relations.

He said: Bulgaria is watching attentively China's current reform program. China's development and achievements have made a deep impression on people.

Zhivkov briefed Deng Xiaoping on Bulgaria's construction. He also conveyed to Deng Xiaoping the cordial regards from other leaders of the Bulgarian Communist Party.

After the meeting, Deng Xiaoping feted the Bulgarian distinguished guests.



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Before the meeting, Zhivkov visited the Xishan beverage plant in Beijing in the company of Minister of Light Industry Zeng Xianlin. The plant imported a canned soda production line from Bulgaria.

Zhivkov attended an inauguration ceremony and cut the ribbon for the canning workshop. He also planted a dragon spruce at the entrance to the workshop.

Goes to Nanjing

OW0800642 Beijing XINHUA in English 0636 GMT 8 May 87

[Text] Beijing, May 8 (XINHUA) -- Todor Zhivkov, general secretary of the Bulgarian Communist Party Central Committee and president of the State Council of Bulgaria, left here this morning for a visit to Nanjing.

Zhivkov and his party are accompanied by Qiao Shi, vice premier and member of the Political Bureau of the Chinese Communist Party Central Committee.

Chinese President Li Xiannan went to the Diaoyutai State Guesthouse to see the Bulgarian guests off.

Li said that Zhivkov's visit to China has further promoted the friendly relations between the two parties and two countries.

Zhivkov said, "We should also accelerate advancing the friendship between the two countries and step forward."

Li noted that bilateral relations, which have somewhat not been normal during the past several decades, are good today. "We should look to the future," he said.

Zhivkov agreed with Li's view.

#### YU QIULI WATCHES HUNGARIAN TROUPE'S DEBUT

OW071806 Beijing XINHUA in English 1508 GMT 7 May 87

[Text] Beijing, May 7 (XINHUA) -- The Hungarian People's Army art ensemble gave its debut here this evening and won warm applause from the 1,600 audiences [as received].

Yu Qiuli, director of the General Political Department of the Chinese People's Liberation Army, and chiefs of ground, naval and air services of the P.L.A. watched the performance.

The art ensemble is scheduled to give two more performances in Beijing before going to Nanjing.



WU XUEQIAN FETES PLO DELEGATION, URGES UNITY

OWO71602 Beijing XINHUA Domestic Service in Chinese 1331 GMT 7 May 87

[Text] Beijing, May 7 (XINHUA) -- Chinese State Councillor and Foreign Minister Wu Xueqian spoke highly of the achievements of the Palestine Liberation Organization (PLO) in the effort to realize its unity.

Wu made the remark at a banquet in honor of a visiting official delegation of the PLO headed by Abu Iyad, member of the Central Council of the Palestine National Liberation Movement (Al-Fatah).

In his toast at the banquet Wu said as one of the five permanent members of the Security Council of the United Nations China will continue to call for an international conference on the Middle East issue and a reasonable resolution to the Middle East issue.

He said that Chinese Government and people will resolutely support the Arab and Palestinian people's just struggle in recovering lost territory and resuming legitimate national rights. China also supports, he said, the U.N. resolution on the Palestinian people's right to self-determination.

Wu said he believes the Middle East issue centers on Palestine, adding that the PLO is the sole legal representative of Palestine and Israel should change its stubborn attitude and its policy of aggression and expansion.

He said that China will resolutely support the PLO's participation in an international conference on the Middle East issue as an equal member.

He said: "We sincerely hope that various Arab countries and the various PLO organizations will unite as one for their common national goal. Unity means strength. We are pleased to see that the 18th session of the National Council of Palestine has made an important step forward toward national unit."

Wu said that as long as Palestine maintains internal unity and forges broad unity with other Arab countries and speaks with one voice, the high goal of the Arab nation will be realized.

In his toast Abu Iyad said the 18th session of the National Council of Palestine was a success, saying that the session has promoted national unity.

He said that the road in front of the Palestinian people is full of difficulties.

He said, "We will not stop worrying if Israel continues to occupy Palestinian and other Arab territories, and if an independent Palestine isn't established on Palestinian territory with Jerusalem as the capital."

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He said that Palestine is launching a political struggle to fight for an international conference on the Middle East issue, centering on the Palestinian issue.

He said that Palestinian people will continue to resist enemies who are occupying their territory with the weapons, while carrying out the political struggle.

He said Palestine will struggle unremittingly for the unity of the Arab countries.

He also reiterated that together with all honest forces, Palestine will continue to make efforts to end the Iran and Iraq war.

The delegation arrived on a friendly visit to China here this morning at the invitation of the Chinese Foreign Ministry.

#### DEPUTY PREMIER RETURNS TO YAR AFTER PRC VISIT

OW030618 Beijing XINHUA in English 0541 GMT 3 May 87

[Text] Sanaa, May 2 (XINHUA) — Arab Yemeni Deputy Premier Muhammad Sa'id al-'Attar returned here today after a visit to China, which resulted in the Chinese assistance for Yemeni projects.

Al-'Attar said upon arrival that he had exchanged views with Chinese leaders on promoting the two countries' friendly cooperation.

China had promised to provide soft loans to Arab Yemen for a number of projects including a highway from Hajane to Marib and a dam, the deputy premier said.

Al-'Attar left here for China on April 18. He also visited the Korean Democratic People's Republic.

#### CHEN PIXIAN MEETS VISITORS FROM CAPE VERDE

OW071302 Beijing XINHUA in English 1201 GMT 7 May 87

[Text] Beijing, May 7 (XINHUA) — Chen Pixian, member of the Secretariat of the Chinese Communist Party and vice-chairman of the National People's Congress Standing Committee, met here today a youth delegation from Cape Verde.

The delegation is led by Jose Gomes de Veiga, secretary-general of the Amilcar Cabral African Youth Organization.

The guests came to visit China at the invitation of the Central Committee of the Communist Youth League of China.

PRC SUPPORTS MEXICO ON EXTERNAL DEBT PROBLEM

OWO71104 Beijing XINHUA in English 1043 GMT 7 May 87

[Text] Mexico City, May 6 (XINHUA) -- China greatly appreciates the role Mexico plays in helping to solve the external debt problem of Latin America, a visiting Chinese official said today.

Huang Hua, head of a Chinese parliamentary delegation, made the statement during a meeting with Mexican Vice Foreign Minister, Alfonso de Rosenzweig Diaz.

"China supports Mexico and other Latin American countries which are searching for just and reasonable solutions to the external debt problem," said Huang, who is also vice chairman of the Standing Committee of the Chinese National People's Congress.

Huang urged North-South dialogue and South-South cooperation to establish a new international economic order.

He called on the Soviet Union and the United States to hold further talks on both nuclear and conventional arms reduction, and also urged the international community to act to prevent the superpowers' interference in the internal affairs of developing countries.

He said China wishes to exchange views with Mexico on subjects of mutual concern, including the easing of world tension, disarmament and safeguarding peace.

Huang arrived May 3 on an official tour of Mexico, Colombia and Peru.

China and Mexico established diplomatic relations in 1972.

MEXICO APPOINTS NEW AMBASSADOR TO PRC

OWO10154 Beijing XINHUA in English 0056 GMT 1 May 87

[Text] Mexico City, April 30 (XINHUA) -- Mexican President Miguel de la Madrid appointed Wednesday Fausto Zapata Loredo as the new ambassador to China.

Fausto Zapata Loredo was undersecretary general of the presidency during the government of Luis Echeverria Alvarez and accompanied Echeverria during his state visit to China in 1973.

Later Fausto Zapata was elected senator of the republic and appointed Mexican ambassador to Italy.

President de la Madrid also appointed Wednesday new ambassadors to Uruguay, Yugoslavia and Portugal.

GU MU GRANTS INTERVIEW TO BRAZILIAN TV

OWO62352 Beijing Domestic Service in Mandarin 0800 GMT 6 May 87

[Text] According to our reporter, State Councillor Gu Mu granted an interview at the Great Hall of the People yesterday afternoon to Brazilian television reporters. He answered questions raised by the reporter on China's economic reform.



HONGQI VIEWS DENG BOOK ON BUILDING SOCIALISM

LK070800 Beijing HONGQI in Chinese No 8, 16 Apr 87 pp 15-19

[Article by Pang Xianzhi (6614 0341 4249): "Have Our Foothold On China's Reality, Take Our Own Road — Studying The Enlarged Edition Of Deng Xiaoping's Building Socialism With Chinese Characteristics"]

[Text] The recently published enlarged edition of "Building Socialism With Chinese Characteristics" comprises 44 important speeches made by Comrade Deng Xiaoping during the period between the 12th CPC Congress held in 1982 and January 1987, double the number of important speeches by Comrade Deng Xiaoping in the 1982 edition of "Building Socialism With Chinese Characteristics." This enlarged edition can be viewed as the sequel to the "Selected Works Of Deng Xiaoping (1975 - 1982)" published in 1982.

To combine the basic tenets of Marxism with the concrete reality of our country, take our road, and build socialism with Chinese characteristics, is the basic conclusion drawn by Comrade Deng Xiaoping after summing up the long-term historical experiences of our country's socialist construction, and is the fundamental guiding ideology that runs through the whole book.

Let us look at the history. In order to explore a correct road for the Chinese revolution, the Communist Party of China experienced many years of hardships and difficulties, paid high prices, made many sacrifices, and finally found the revolutionary road in the rural areas encircling the cities and eventually seized the cities and won a nationwide victory. This road was suitable for China's situation during that particular historical period and embodied Chinese characteristics, so we were able to win the victory of the new democratic revolution. Again, in order to explore a correct way for China's socialist construction, the Communist Party of China has also paid high prices and spent many years. Beginning in the 1950's, Comrade Mao Zedong and other veteran revolutionaries of the old generation made strenuous efforts and respective contributions in different aspects and on different questions, and put forward some ideologies which are still shining today. The veteran revolutionaries once tried to make some breakthroughs in the existing pattern of socialism, make some changes in the existing system, and hoped to open up a new road for China. However, because of the limitations of the historical conditions at that time and later, the mistakes made by our party in its guiding ideology, our party not only failed to accomplish such a task but also made serious mistakes.

Since the 3rd Plenary Session of the 11th CPC Central Committee, our party which has been represented by Comrade Deng Xiaoping has profoundly and comprehensively summarized its historical experiences and lessons since the founding of the People's Republic of China, carried out practical scientific analyses, drawn inferences, and enabled the whole party, under the new historical conditions, to inherit and adhere to all the past practices that conform with Marxism, correct and discard all past practices which are erroneous and contradictory to Marxism, and restore and develop all the correct things that have been destroyed or distorted. At the same time, under the guidance of Marxism, our party has been proceeding from the changing reality, exploring new questions, creating new situations, and opening up new ways for China. On the basis of summarizing the historical experiences, and after several years of cautious exploration and practice, our party has finally found the road of building socialism with Chinese characteristics, thus pushing Marxism a step further in line with the reality of China. [paragraph continues]



Comrade Deng Xiaoping says: "The success of the Chinese revolution is the result of Comrade Mao Zedong's efforts in combining Marxism and Leninism with China's reality and is the result of China taking her own road. Today, in carrying out the construction of China, we should also combine Marxism and Leninism with China's reality and take our own road." (The Enlarged Edition, P 82. From now on, only the page number will be indicated). To build socialism with Chinese characteristics is the achievement made by Chinese Communists represented by Comrade Deng Xiaoping, by adhering to and developing Marxism, Leninism, and Mao Zedong Thought.

Comrade Deng Xiaoping pointed out: "What is socialism? What is Marxism? We could not completely and clearly understand this question in the past. Marxism pays primary attention to the development of productive forces. The most fundamental task of socialism now is to develop productive forces." (pp 52-53) "After the 3rd Plenary Session of the 11th CPC Central Committee, we made efforts to explore how China should carry out socialism. In the final analysis, we have come to know that China should carry out socialism by developing productive forces and gradually developing China's economy." (p 104) Regarding the distortion of socialism by the ultra-"Leftist" trend of thought, Comrade Deng Xiaoping has repeatedly pointed out: Poverty is not socialism and socialism is aimed at eliminating poverty; failing to develop the productive forces and raise the living standard of the people cannot be said to conform with the demands of socialism. The fundamental task of the socialist period is to concentrate all efforts to develop the productive forces. This is not only the consistent thought of Comrade Deng Xiaoping but also the most important conclusion drawn by Comrade Deng Xiaoping after summarizing the historical experiences since the founding of the People's Republic of China. Marxism believes that productive forces are the decisive factors in the history of human society development. The reason that a new social system can replace and defeat an old one is, in the final analysis, because the new social system can create stronger productive forces and higher labor productivity. This is also applicable to the relationship between the socialist and capitalist systems. Moreover, socialism needs to create the material basis for communist society which abounds with material products and implements the principle of from each according to his ability, and to each according to his needs. Pointing out that the fundamental task of the socialist period is to develop the productive forces through concentrated efforts is, in essence, aimed at adhering to the basic viewpoint of historical materialism. Because China is carrying out socialist construction under conditions of poor productive forces and a backward economy, to stress the development of the productive forces is, therefore, of vital importance.

That the fundamental task of the socialist period has been made clear, has solved the basic question of how to build socialism, which has for long been confused. After the socialist transformation was basically completed in 1956, the resolution by the 8th CPC Congress correctly pointed out that our Party's main task in the future is to develop the social productive forces. This correct policy was later negated by the "Leftist" guiding ideology of "grasping class struggle as the key link," and it was not implemented for a long time. It was not until the 3rd Plenary Session of the 11th CPC Central Committee that this policy was restored and the focal point of the work of our whole party was shifted to building the four modernizations. However, how and in which way, should we develop the productive forces? In the past, our party carried out explorations and practices in this respect. However, our party has had both successful and unsuccessful experiences in carrying out these practices and explorations. For example, the method of the "Great Leap Forward" and the method of "Putting Politics in Command" are unsuccessful practices and explorations which not only violated economic development law, but were also divorced from China's reality. [paragraph continues]

Since the 3rd Plenary Session of the 11th CPC Central Committee, our party has summed up its experiences, emancipated the mind, and has gradually put forward a series of general and specific policies on the reform, opening up to the outside world, and invigorating the domestic economy by proceeding from China's reality, all of which conform with China's actual situation.

In his numerous speeches and talks, Comrade Deng Xiaoping has made comprehensive and profound expositions on why our party should implement the general and specific policies on reform, opening up to the outside world, and invigorating the domestic economy. Comrade Deng Xiaoping first talked about this question during the 3rd Plenary Session of the 11th CPC Central Committee. He further talked about this question after the 12th CPC Congress. He said: If China wants to develop, China must carry out reform and open itself up to the outside world. China should mainly rely on itself to carry out its construction because China is a big country. However, while stressing self-reliance, China should open itself up to the outside world and absorb foreign funds, technologies, and management experiences to help its own development. China's development cannot be isolated from the rest of the world. To develop China by following a closed-door policy is doomed to failure. It is impossible for any country to develop if it is isolated from the rest of the world or is closed to international intercourse. Comrade Deng Xiaoping has repeatedly explained that China's policy of opening up to the outside world is correct and will not change, and China will further open itself to the outside world. Without the policies of economically opening up to the outside world and invigorating the domestic economy, it would be impossible for China to quadruple domestic economy, it would be impossible for China to quadruple its gross national product by the end of this century. As far as the question of economic structure reform is concerned, Comrade Deng Xiaoping put forward a question at the central work meeting which was held in December 1978 to prepare for the 3rd Plenary Session of the 11th CPC Central Committee. Comrade Deng Xiaoping said: "If we do not carry out the reform, our modernization and socialist cause will be ruined." ("Selected Works of Deng Xiaoping (1975-1982)" P 140) Later, Comrade Deng Xiaoping summarized the significance of economic structure reform as "the only way to develop the productive forces." When economic structure reform was carried out to a certain extent in our country, Comrade Deng Xiaoping put forward the timely task of carrying out reform of our country's political structure in the light of the demands for the development of the objective situation in China. He said that if we do not carry out political structure reform, we will not: Be able to protect the achievements of economic structure reform; be able to continue to push forward with economic structure reform; be able to fully develop socialist democracy; and will not be able to mobilize the enthusiasm of the broad masses of the people at the grass-roots level. On the contrary, we will hamper the development of productive forces and the realization of the "four modernizations." Moreover, our reform is a comprehensive one. Our reform will not only touch upon the economic and political fields but also upon the educational, scientific, technological, and various other fields. Comrade Deng Xiaoping pointed out that we are now firmly determined to carry out reform but, at the same time, we must also be cautious and make steady progress in carrying out reform. We must create conditions through reform, for the long-term, sustained, and steady development of China. Just as Comrade Zhao Ziyang pointed out: "The one who has laid the earliest, the most, and the most profound stress on reform, opening up to the outside world, and invigorating the domestic economy is Comrade Deng Xiaoping." ("Speech At The Spring Festival Party") To stick to the policies of reform, opening up to the outside world, and invigorating the domestic economy is a basic point of the line of the 3rd Plenary Session of the 11th CPC Central Committee and is also a basic point of socialism with Chinese characteristics.

However, the question of reform, opening up to the outside world, and invigorating the domestic economy is not only a question of implementation but also, more importantly, a question of how to implement. Doubtlessly, the reform, opening up to the outside world, and invigorating the domestic economy must be carried out under the leadership of the Communist Party of China and on the basis of the four cardinal principles. This is because only by carrying out the policies of reform, opening up to the outside world, and invigorating the domestic economy under the leadership of the Communist Party of China, and on the basis of the four cardinal principles, will we be able to guarantee the socialist orientation of these policies. Comrade Deng Xiaoping has already repeatedly expounded this question. When talking about the continuity of Communist Party of China policies, Comrade Deng Xiaoping once said: "What on earth is the continuity of our party's policies? The continuity of our party's policies certainly includes maintaining independence and keeping the initiative in our own hands, democracy and legal system, opening up to the outside world, invigorating the domestic economy and other domestic and foreign policies. We will not change these policies. The basis of all these policies is the four cardinal principles which we will not change, and on which we will not even waver." (P 126) Comrade Deng Xiaoping particularly stressed: Reform must adhere to two principles: One is that the economy based on socialist public ownership must remain the principal body; the other is that we should achieve common prosperity and prevent polarization between the poor and the rich. Thus, making use of foreign funds in a planned way and developing some individual economies conform with the general demand of development of the socialist economy. To encourage some regions and some people to become prosperous first is also aimed at bringing prosperity to more and more people and finally achieving the goal of common prosperity. Comrade Deng Xiaoping has pointed out: The policy of opening up to the outside world and invigorating the domestic economy must be implemented on the premise of adhering to the socialist principle. To carry out the policy of opening up to the outside world, learn advanced foreign technology, and make use of foreign funds are only supplements to socialist construction, and therefore should not deviate from the socialist road. In the course of carrying out the opening up to the outside world policy, once the situation of deviating from the socialist road emerges, the state organs will interfere with it and correct it as well. From these expositions of Comrade Deng Xiaoping, we can clearly see that our reform, opening up to the outside world, and invigorating the domestic economy must be carried out on the basis of adhering to the four cardinal principles and on the premise beneficial, not detrimental to, socialism. Of course, Comrade Deng Xiaoping's thought on adhering to the four cardinal principles were put forward not only as the prerequisite and basis for implementing of the policies of reform, opening up to the outside world, and invigorating the domestic economy, but more importantly, also as the political basis for: Founding and running our country; uniting the whole party and the people of all nationalities in our country; and for opposing the ideological trend of bourgeois liberalization. This is to say that Comrade Deng Xiaoping's thoughts on adhering to the four cardinal principles were put forward with a wider and more profound significance. Just as Comrade Zhao Ziyang pointed out: "The one who has laid the earliest, the most, and the most profound stress on adhering to the four cardinal principles and opposing bourgeois liberalization is also Comrade Deng Xiaoping." ("Speech At The Spring Festival Party") Adherence to the four cardinal principles is another basic point of the line of the 3d Plenary Session of the 11th CPC Committee and another basic point of socialism with Chinese characteristics.

To implement the policies of reform, opening up to the outside world, and invigorating the domestic economy, and to concentrate all efforts in developing the productive forces are the basic contents of building socialism with Chinese characteristics.  
[paragraph continues]



Adherence to the four cardinal principles conforms with the policies of the reform, opening up to the outside world, and invigorating the domestic economy, and these two aspects supplement each other. Therefore, to cut these two aspects apart; to set these two aspects against each other, to think that we cannot or should not carry out the policies of reform, opening up to the outside world, and invigorating the domestic economy if we really want to adhere to the four cardinal principles; or to think that we cannot or should not adhere to the four cardinal principles if we really want to carry out the policies of reform, opening up to the outside world, and invigorating the domestic economy, are all incorrect. Adherence to the four cardinal principles is the prerequisite and basis for guaranteeing the healthy development of reform, opening up to the outside world, and invigorating the domestic economy in the socialist orientation. As the necessary ways and means, reform, opening up to the outside world, and invigorating the domestic economy are aimed at promoting development of the socialist productive forces and development and expansion of the socialist economy. Without adhering to the four cardinal principles, it will be impossible for us to carry out socialism; and without implementing the policies of reform, opening up to the outside world, and invigorating the domestic economy, it will be impossible for us to build socialism with Chinese characteristics.

To build socialism with Chinese characteristics is an arduous cause. The road of exploration and practice will not be clear sailing. The cause of building socialism with Chinese characteristics can only be arrived on in the course of correcting various erroneous trends and eliminating various types of interference.

First of all, we should correct "Leftist" errors, eliminate the interference of "Leftist" ideology, and orient the focal point of our work towards building the "four modernizations." We once met with various types of difficulties and opposition in carrying out this shift. Some people could not understand the policies we have implemented since the 3rd Plenary Session of the 11th CPC Central Committee and could not understand the policies of reform, opening up to the outside world, and invigorating the domestic economy. Some people even mistook our efforts in carrying out these policies as practising capitalism. This "Leftist" influence and interference existed in the past, exist at present, and will continue to exist in the future. However, generally speaking, this shift has been a smooth one. This is because it is easier for people to understand and be aware of "Leftist" errors because people once suffered a great deal from "Leftist" errors. Moreover, our party's general and specific policies implemented since the 3rd Plenary Session of the 11th CPC Central Committee have brought vitality and vigor to our country and actual benefits to the majority of our people. However, just as Comrade Deng Xiaoping pointed out: "We must not ignore the erroneous "Leftist" ideology because it is now deeply rooted." ("Selected Works of Deng Xiaoping (1975-1982)" p 334) Thus, in the process of building socialism with Chinese characteristics and in the process of furthering and deepening reform, it is necessary for us to continue to advocate emancipation of the mind and make continued efforts to eliminate the interference of "Leftist" ideology and the influence of the force of old habits.

There has not only been the interference from "Leftist" ideology, but also interference from rightist ideology. Over the past few years, we have received more rightist "Leftist" interference. In January of 1987, Comrade Deng Xiaoping said: "To carry out reform and build the four modernizations are no simple matters. So, we have never been self-satisfied and have never thought that these two matters were clear sailing. There is bound to be interference coming from various sides, including the interference from "Leftist" and rightist ideology.



If we paid too much attention to interference from "Leftist" ideology but not pay enough attention to interference from rightist ideology in the past, then the recent student unrest has reminded us and demanded that we pay more attention to interference from rightist ideology." (p 155) The so called interference from rightist ideology mainly refers to bourgeois liberalization. While correcting "Leftist" errors, Comrade Deng Xiaoping has never relaxed his vigilance against, nor softened his criticisms of, the rightist ideological trend, the ideological trend of bourgeois liberalization in particular. Comrade Deng Xiaoping has explicitly pointed out that in our country, to practise bourgeois liberalization is to take the capitalist road. As far as we are concerned, this is a key question. Those people who try to practise bourgeois liberalization have ignored the actual situation in China. They do not understand China's history, nor do they understand China's reality. They oppose the leadership of the Communist Party, oppose the socialist system, advocate total Westernization, and try to mechanically transplant the Western capitalist system in China. By closely combining China's reality, Comrade Deng Xiaoping has also clearly explained why China must adhere to the four cardinal principles and the socialist road, and why China cannot take the capitalist road and cannot practise bourgeois liberalization. The expositions made by Comrade Deng Xiaoping are explicit, realistic, right to the point, and convincing. At the same time, Comrade Deng Xiaoping has also objectively analyzed the social and historical conditions in the emergence of the ideological trend of bourgeois liberalization, and pointed out the protracted nature of the struggle against bourgeois liberalization. He said that the struggle against bourgeois liberalization will run throughout the whole process of realizing the four modernizations, and the problem of bourgeois liberalization will continue to exist for the next 50 to 70 years.

We must have a correct stand and adhere to the four cardinal principles in opposing both "Leftist" and rightist ideology. If we keep to the rightist stand when opposing "Leftist" ideology, we will inevitably oppose correct things as ultra-leftist things, oppose the Left as the "Left," and take correcting "Leftist" errors as "correcting" socialism and Marxism thus providing openings for the spread of the ideological trend of bourgeois liberalization and other decadent ideological trends. If we keep to the "Leftist" stand when opposing bourgeois liberalization, we will certainly repeat our past mistakes, such as the enlarged anti-rightist struggle, and oppose some correct views and good things as those of bourgeois liberalization, thus covering up the defects and mistakes which actually exist in our work, harming the just interests of the masses, and dampening their enthusiasm. Neither of these two situations are beneficial and are even harmful to building socialism with Chinese characteristics. Comrade Deng Xiaoping has taught us that during the process of building socialism with Chinese characteristics, we should always stick to, proceeding from the actual conditions, correctly carry out the two-line struggle, and oppose both "Leftist" and rightist trends. In the light of China's reality, Comrade Deng Xiaoping has taken no notice of those irresponsible public opinions which are harmful to building socialism with Chinese characteristics, dared to resist the various types of interference, and guided the Chinese people to resolutely take their own road.

Since building socialism with Chinese characteristics is an unprecedentedly great cause, it will take us a long time to understand it. Here, it will be of great significance for us to review the relevant expositions made by Comrade Mao Zedong. When summarizing the experiences of the Chinese revolution and Chinese construction 25 years ago, Comrade Mao Zedong said: "People's understanding of the objective world, which means the leap from the realm of necessity to the realm of freedom, must involve a process." After recalling the Communist Party of China's process of understanding the law of the democratic revolution, Comrade Mao Zedong said: [paragraph continues]

"The purpose of my talk<sup>g</sup> about the history of our Chinese communists making painstaking efforts and finally successfully understanding the law of the Chinese Revolution during the period of the democratic revolution is to guide our comrades to understand the following fact: There must be a process before we can understand the law of building socialism. It is necessary to proceed from practice, gain and accumulate experiences so as to leap from the building of socialism in the realm of necessity, which has not yet been understood, to the realm of freedom by gradually overcoming our blindness, understanding the objective law, and finally acquiring freedom." ("Selected Works of Mao Zedong" Second Vol pp 824, 826) Our understanding of the law of building socialism with Chinese characteristics will also need a process. Up to now, we still cannot say that we have already accomplished, or almost accomplished this process because we still need to make a lot of painstaking efforts to continue our exploration and understanding on the basis of practice. Nevertheless, we have, after all, found the road of building socialism with Chinese characteristics, which is of great significance. It has taken us more than 30 years to find this road.

Comrade Deng Xiaoping said: "China has taken a tortuous road in her efforts to build socialism. The historical lessons over the past 20 years teach us an important principle: In building socialism, we must follow the Marxist dialectical materialism and historical materialism. This also means that we must follow the principle of seeking truth from facts and doing everything in light of the actual conditions, which was put forward by Comrade Mao Zedong." (p 107) All the major policies put forward by Comrade Deng Xiaoping since the 3d Plenary Session of the 11th CPC Central Committee have followed this basic principle. In a word, Comrade Deng Xiaoping's political and theoretical courage, resolute spirit, firmness, and self-confidence in building socialism with Chinese characteristics, have all come from this basic ideological principle. Comrade Deng Xiaoping has been raising and solving questions by proceeding from China's reality, history, and current situation, and not from concepts, books, or models from foreign countries. Just as after studying the "Selected Works of Deng Xiaoping (1975-1982)," after studying the enlarged edition of Comrade Deng Xiaoping's "Building Socialism With Chinese Characteristics," people are attracted and touched by the theoretical and logical force, forthright mind, and unique language style of the works of Comrade Deng Xiaoping. Comrade Deng Xiaoping's works are energetic and encouraging. It will be very appropriate to take these two books by Comrade Deng Xiaoping as the guidance for building socialism with Chinese characteristics.

Finally, let us use a sentence from Comrade Deng Xiaoping's article entitled "Adopting A Clear-Cut Stand In Opposing Bourgeois Liberalization" to end this article: "Only by taking its own road and by building socialism with Chinese characteristics will China be full of hope."

#### SEPARATION OF POLITICAL POWERS REJECTED

HK250733 Beijing GUANGMING RIBAO in Chinese 12 Apr 87 p 3

[Article by Gu Chunde (6253 2504 1795): "Socialist China Cannot Advocate the Separation of the Legislative, Executive, and Judicial Powers"]

[Text:]

1.

The "separation of the three powers" is a theory of the separation of powers in a political system which separate the state's powers into the legislative, executive, and judicial branches and which is proposed and advocated by political and legal thinkers of the bourgeoisie. [paragraph continues]

This political theory was first proposed and created by Locke and Montesquieu, British and French bourgeois political and legal thinkers in the 17th and 18th centuries. Locke separated the state's powers into the legislative, executive, and federative branches, with the legislative branch as the supreme power. Montesquieu separated the state's powers into the legislative, executive, and judicial branches. Montesquieu developed Locke's theory of the separation of powers and gave prominence to the judicial branch. In a word, they advocated the separation of the three powers which were to be grasped and exercised by different people or organizations. The aim of the theory of the separation of powers proposed by Locke was to oppose British feudal autocracy, Cromwell's autocratic rule, and the restoration of the Stuarts. To theoretically expound, prove, and defend the constitutional monarchy, with the separation of powers as a principle established after the "honorable revolution" of Britain in 1688, and to achieve "class power separation" between the bourgeoisie and the aristocrats. The aim of the theory of separation of powers proposed by Montesquieu was to oppose the feudal autocratic rule by Louis XIV, King of France, to stir up public opinion for the bourgeois revolution, to seek a political way and a political form for the bourgeoisie to seize power over state and to guarantee the political freedom of the bourgeoisie, particularly the right of private property.

Hamilton, of the United States, inherited and developed Locke's and Montesquieu's "separation of the legislative, executive, and judicial powers and advocated that the legislative, executive, and judicial powers of a state should not only be separated but also conditional upon each other and balanced, that encroachment of power upon the other should be prevented, and that "power should be used to restrict power." The 1787 Constitution of the United States was mainly guided, drafted and interpreted by Hamilton's theory. The political system of the bourgeoisie in the United States was established and has operated according to this theory and principle and on the basis of the provisions of the U.S. Constitution.

The theory and system of the "separation of the legislative, executive, and judicial powers" is suited to the capitalist economic foundation and economic relations and meets the needs of the bourgeois political rule, and it is used by bourgeois countries as the guiding ideology and principle for organizing state organizations and is extensively adopted and applied. Compared to the theory of "supreme monarchical power," the theory of the "separation of the legislative, executive, and judicial powers" is, no doubt, a progressive political theory and played an important part in the struggle against feudal autocracy and in the establishment and operation of the bourgeois political system.

However, we must see that the theory of the "separation of the legislative, executive, and judicial powers" is not scientific and has nothing in common with the Marxist theory on the state. Marx and Engels have made many profound criticisms of the theory of the "separation of the legislative, executive, and judicial powers." Marx said: "The monarch's authority, aristocrats, and bourgeoisie in a certain country contend for domination in a certain period of time and they, therefore, share domination there. The ideology of occupying a dominant position there will concern the theory of the separation of powers. People discuss the separation of powers as an 'eternal law.'" (Footnote 1) ("Collected Works of Marx and Engels," Volume 3, pp 52-53) This shows that the "theory of the separation of three powers" advocated by classes is essentially the separation of powers among classes and is the mutual contest for power among groups having different interests and among different parties in the ruling class. Did the king, the aristocrats, and the bourgeoisie of Britain separate powers in the 17th century?! Do all monopoly capital groups, the Democratic Party and the Republican Party of the United States contend for powers with one another today?! At the same time, as far as the theory of the "separation of the three powers" is concerned, it is unscientific. [paragraph continues]



According to Marxist theory on the state, state power is a political ruling power. This power is united and inseparable. Any one ruling class will by no means share the ruling powers with the ruled class. State power can be exercised by different state organizations but this is a division of work and not the separation of powers. While disclosing the bourgeois theory of the separation of powers, Engels, therefore, clearly pointed out: "This kind of separation of powers is merely a routine division of work for the purpose of simplyfying and supervising state organizations." (Footnote 2) ("Collected Works of Marx and Engels," Volume 5, pp 224-225). Engels also believed that this principle of the separation of powers was not permanent, sacred, or inviolable. "This principle is adopted only when it conforms to the various existing relations." (Footnote 3) (Ibid. pp 224-225) The fact is that it is also like this because it conforms to bourgeois economic and political relations that are adopted by the bourgeoisie. The bourgeoisie utilizes the division of work among state organizations to create a false appearance of democracy, to deceive laborers, and to conceal the essence of the bourgeois dictatorship. The theory of the "separation of the three powers" has a history of some 300 years from its establishment to the present. In the beginning some bourgeois political and legal thinkers, (such as Rousseau) vigorously opposed it. Some political and legal thinkers of Western countries have now also held that it is outmoded and inapplicable. They have proposed that the "demonstration of state power" and the "exercise of state power" replace the "separation of powers." As a political system the "separation of the three powers" has been carried out in bourgeois countries for 200 to 300 years. It has met with tremendous sabotage and gradually become ineffective. The executive power tends to expand in the presidential government of the United States, the constitutional monarchy of Britain, and the semipresidential government of France. This means that the powers of president and cabinet, and even the power of the chancellor of the Federal Republic of Germany, have been strengthened. Executive and judicial departments have interfered with legislative departments more and more. The political influence of political parties has been continuously strengthened. The legislative power, executive power, and judicial power are often controlled by the party leader of the party in power. The practice of politics in bourgeois countries has already announced that the system of the "separation of the three powers" has ceased to exist except in name. We should not regard it as a gem or vigorously advocate and praise it as an unscientific bourgeois political theory and system which has many malpractices and is outmoded.

## II.

Either as a political theory or as a political principle and system, the "separation of the three powers" will not work in socialist China and socialist China cannot advocate the "separation of the three powers."

Marxism holds that the socio-economic foundation determines the social superstructure. The "separation of the three powers" belongs to the superstructure category and is determined by the capitalist economic foundation. The political theory and the political system of the "separation of the three powers" can be generated and implemented because it meets the needs of capitalist economic development and the need by the bourgeoisie to contend for the ruling power with the feudal rulers, reflects and embodies the relations of capitalist free competition, readjusts the internal relations of monopoly capital groups having different interests, and exercises dictatorship over the laborers more effectively. Since the economy of our country is the socialist economy under public ownership of means of production, the basic interests of all people coincide. The socialist economic foundation determines that it is necessary to build a socialist country under the people's democratic dictatorship with people acting as masters of their own affairs and to establish a basic political system of a people's congress with democratic centralism as a guiding principle. [paragraph continues]



The bourgeois system of the "separation of the three powers" cannot be implemented.

Marxist theory of the state tells us that the organizational form of political power refers to the specified form in which the ruling class exercises state power, that is, organizations with political power organized by the ruling class to oppose the enemy and to protect itself. The organizational form of political power is closely related to the class nature of a country. The class nature of a country determines the organizational form and principles of political power -- a state system determines a political system, the organizational form and principle of political power embodies and reflects the class nature of a country. The relations between them are the relations between a content and a form and between a decisive factor and a subordinate factor. The bourgeoisie adopts the political system of the "separation of the three powers" because this is determined by the class nature of the country under the bourgeois dictatorship, because this political system meets the needs of bourgeois political domination and because it is the best ruling form and "outer casing." Our country is a socialist country under the people's democratic dictatorship with the worker-peasant alliance as the foundation, led by the working class. The class nature of this country determines that our country cannot basically implement the bourgeois political system of the "separation of the three powers" and that, according to proletarian democratic centralism and to the principle and system of the Paris commune-type "combination of parliamentary and executive functions," our country can only organize its state organizations and give guidance to the relations among the activities of its state organizations. Since our country cannot advocate the "separation of the three powers," can it advocate the "separation of the three powers with democratic centralism?" We say that this will not work either because democratic centralism is basically antagonistic to the "separation of the three powers" in its class nature, theoretical foundation, way of thinking, starting point, and aim. These two basically antagonistic principles and systems cannot be drawn together. The "separation of the three powers" is the political system of a bourgeois country as well as a part of the democratic system of the bourgeoisie. Democratic centralism is the political system of a country under the people's democratic dictatorship and the important content of the democratic system of the proletariat. Both of them are entirely different and cannot be confused.

The practice of politics in a bourgeois country shows that the "separation of the three powers" is merely a part of the democratic system of the bourgeoisie and can be implemented in conjunction and coordination with the electoral system, parliamentarism, and the politics of political parties. If we decide to advocate the "separation of the three powers" in China, as demanded by people who advocated bourgeois liberalization, we will surely implement the bourgeois-type electoral system and allow two parties to take the helm of the state by rotation. This will not work in socialist China either. Not only the class nature of the state system and the social system of our country but also the political, economic, and cultural conditions of our country determine that we cannot do so. Bourgeois-type elections entails a large amount of money and time. People will not agree to waste money and manpower in this way. People will also resolutely oppose the practice of allowing two parties to take the helm of the state by rotation because the revolutionary history of China long ago came to the conclusion that only the Communist Party has the ability to lead the people to achieve victory in the democratic revolution and in socialist construction. This is not a matter of theory but fact of life. The crucial point and aim of those people who advocate bourgeois liberalization and want China to go for the "separation of the three powers" was to attempt to abolish the Communist Party leadership over the country. This violates the Constitution because the Constitution expressly provides that the Communist Party is the leading force of our country and that no one can oppose it.

## III.

In view of the fact that our country's NPC and its Standing Committee exercise legislative power, the State Council exercises executive power, and the courts exercise judicial power, some comrades assert categorically that our country is now implementing the system of the "separation of the three powers." This is a misunderstanding. Article 3 of the Constitution of our country expressly provides: "The state organizations of the PRC apply the principle of democratic centralism. The NPC and the local people's congresses at different levels are instituted through democratic election. They are responsible to the people and subject to their supervision. All administrative, judicial, and procuratorial organizations of the state are created by the people's congresses to which they are responsible and under whose supervision they operate." This explains why the state organizations of our country are instituted through people's elections and set up according to the principle of democratic centralism and the relations among them are not parallel to one another and are not conditional upon one another. The NPC is the supreme body of state power and occupies the supreme position in the hierarchy of state organizations, the State Council is an executive body of the supreme organ of power and the supreme state administrative body, is organized by the NPC, is responsible to the NPC and its Standing Committee, and reports its work to them. The Supreme People's Court and the Supreme People's Procuratorate are the supreme judicial and procuratorial bodies of our country, are organized by the NPC, are responsible to the NPC and its Standing Committee, and report their work to them. From this we can see that the State Council, court, and procuratorate are subordinate to the NPC and subject to their leadership and supervision. Likewise, the legislative power, executive power, judicial power, and procuratorial power are not parallel to one another and are not conditional upon one another. The legislative power ranks first among these powers and the other powers are subordinate to the legislative power. Indeed, work should be divided among the state organizations but the powers should not be separated among them. As Comrade Peng Zhen pointed out in his report on the revision of the Constitution: "The NPC can and must exercise state power in a unified way in our country. At the same time, and under this premise, the executive, judicial, procuratorial, and leadership powers over the armed forces are expressly divided so that the organizations of state power and the other state organizations, including the executive, judicial, and procuratorial bodies can work in a coordinated way and in unison." This rational division of work among state organizations is completely necessary. Article 135 of the Constitution provides that the people's courts, people's procuratorates, and public security organizations check each other. This is to say that these three kinds of organs divide their work, each taking responsibility for its own work, and that they coordinate their efforts to ensure quality in handling criminal cases. It is different from the bourgeois system of "conditioning and balance."

In a word, the socialist economic foundation, the state and nature of people's democratic dictatorship, and the state condition of our country determine that our country cannot advocate the "separation of the three powers." The revolutionary history of China also announced long ago the bankruptcy of the bourgeois republics and of the "separation of the three powers." The state organizations of our country are now set up according to the principle of democratic centralism and regard the principle of democratic centralism as guiding, which has nothing in common with the "separation of the three powers" of the bourgeoisie.

LIAOWANG COMMENTATOR ON WORKING CLASS CONTRIBUTION

HK061023 Beijing LIAOWANG in Chinese No 17, 27 Apr 87 p 1

[Commentator's article: "The Working Class Must Contribute to the 'Double-increase, Double-economy' Movement — In Celebration of 1 May International Labor Day"]

[Text] International Labor Day 1 May is a day signifying the unity and militancy of the working class throughout the world as well as a glorious day on which the Chinese working class reviews and displays its strength. During our warm celebration of 1 May, we are full of enthusiasm when we see that the Chinese working class has displayed a high degree of responsibility, the spirit of being masters, and their limitless creative power in upholding the policy of reform and opening up to the world, in carrying out the "double-increase, double-economy" movement, in ensuring the sustained and steady growth of the national economy, in adhering to the four cardinal principles, in opposing bourgeois liberalization, and in safeguarding and developing unity and stability. The Chinese working class is worthy of the title of leading class of the country and deserves to be called the main force in building socialist material and spiritual civilizations.

The movement to increase production, practice economy, increase revenues, and reduce expenditures is now being carried out throughout the country. As the working class has heavy tasks to shoulder in the movement, it must establish a mentality of relying on the large number of staff members and workers in carrying out the "double-increase, double-economy" movement.

In the "double-increase, double-economy" movement, it is necessary to work out policies, to assign tasks, to bring into full play the initiative and creative spirit of staff and workers, to encourage emulation, and to ensure that the tasks assigned are overfulfilled. Enterprises must bring into full play the role of their dealers and laborers. Only in this way can they operate properly.

To fulfill the tasks in the "double-increase, double-economy" movement, reforms need to be carried out more profoundly. Premier Zhao Ziyang's "Government Work Report" points out that the main task in economic structural reform for 1987 is to reform enterprises' operational mechanism and leadership system, to develop lateral economic combination, to appropriately speed up financial system reform, to expand the market for the means of production, and to gradually reform and perfect the labor and wage systems of enterprises as well as the management of investments in fixed assets. Staff members and workers should take an active part in and support enterprises' reforms. Only when close attention is paid to reforms, will the tasks in the "double-increase, double-economy" movement be fulfilled. Leaders of enterprises should combine reforms with the personal interests of workers, combine enterprises' economic results with workers' income, and combine the collective work results of enterprises with the amount and quality of work of individual workers. Many localities have this experience: "The contract system plus competition speedily increases economic results." Not only do staff and workers demand more pay for more work in exercising distribution according to work, they also expect that their creative labor will be respected and recognized by society and will enjoy a reputation in society. Enterprises' vitality will have endless resources so long as staff and workers devote themselves to reforms and carry out reforms more profoundly.



To fulfill the tasks in the "double-increase, double-economy" movement, it is necessary to promote technological progress. Knowledge and talented people should be respected, and the initiative and creative spirit of intellectuals and scientific research personnel should be brought into full play. In addition, attention should also be paid to developing the initiative and creative spirit of those workers, engineers, technicians, and managerial personnel who are in the forefront of production, and to using their efforts and wisdom to turn the results of scientific research into a huge productive force. The 12 million rationalization suggestions on technical innovation projects put forward by staff and workers throughout the country last year have created a value of 14 billion yuan. What a huge achievement this is! But when we consider the total number of staff members and workers (about 90 million) of enterprises throughout the country, these 12 million rationalization suggestions are not adequate. More rationalization suggestions will be made, more technical innovations will be introduced, and more value will be created as long as we devote our efforts to better exploiting the creative spirit of staff and workers, to improving their cultural and technological standards, to providing a better environment, and to implementing the policy of rewarding those who put forward rationalization suggestions.

To fulfill the tasks in the "double-increase, double-economy" movement, it is necessary to strengthen management. In a sense, management has greater potential for producing economic results. Problems such as overstocked goods, astonishing waste, huge material consumption, low quality products, taking possession of funds in excess of actual use, and low efficiency in work universally exist in our enterprises. Strict management of enterprises will help change this situation. In exercising strict management, it's necessary to rely on the efforts of staff and workers.

In strengthening management, we should enhance the consciousness of staff and workers in observing labor discipline and professional ethics; encourage them in the spirit of being masters of their affairs, make criticism of bureaucracy and suggestions on correcting shortcomings in work, and to exercise democratic supervision; exercise democratic management of workshops and work groups; and educate leaders of enterprises to show concern for the safety and health of their staff and workers.

In the movement to increase production, practice economy, increase revenues, and reduce expenditures, close attention should be paid to bringing into play the exemplary role of model workers, advanced individuals, and advanced collectives. Like the "spirit of Meng Tai" in the 1950's and the "spirit of the iron man" in the 1960's, which became deeply rooted among staff members and workers, the spirit of model workers in the 1980's, which is characterized by hard struggle, adherence to revolutionary traditions, persistence in exploration, consciousness of being masters of the country, and boldness in making selfless contributions, should be further encouraged to mobilize millions upon millions of staff members workers throughout the country in scoring successes in the "double-increase, double-economy" movement and in making contributions to fulfilling the Seventh 5-Year Plan!



LI PENG INSPECTS BEIJING FACTORY, HAILS REFORM

OWO60215 Beijing XINHUA Domestic Service in Chinese 1428 GMT 5 May 87

[By Central People's Broadcasting Station reporter Deng Bin and XINHUA reporter Li Anding]

[Excerpts] Beijing, 5 May (XINHUA) -- Vice Premier Li Peng of the State Council, while inspecting the Beijing oil pump injector factory, pointed out today: To effectively run an enterprise, it is necessary to have a responsibility system under which rewards and punishment are meted out strictly and fairly and to have workers and staff members who conscientiously and enthusiastically work hard. [passage omitted]

Li Peng today inspected the factory for the third time in as many years. He was delighted at the changes that have taken place in the factory. After being briefed by factory Director Bo Xiyong on the system of being responsible for its own losses, Li Peng said: In our country, there are still many enterprises incurring losses. The Beijing oil pump injector factory has gained experiences in making up losses and earning a profit. He said: To continue to deepen reform in enterprises, it is necessary to tap enterprise potentials and to develop horizontal and vertical economic ties in order to form enterprise groups and concentrate funds on the development of top-quality products.

Inspecting the factory along with Li Peng were Zou Jiahua, He Guangyuan, Lin Zongtang, Chen Zutao, and Zhang Jianmin, responsible comrades of the State Economic Commission, the State Machine-Building Industry Commission, the China Automobile Industry Corporation, and Beijing Municipality.

JIEFANGJUN BAO URGES ADOPTING PROPER WORK ATTITUDE

HK071504 Beijing JIEFANGJUN BAO in Chinese 27 Apr 87 p 1

[Commentator's article: "Devote Oneself to Doing Practical Things -- First Talk on Leading Cadres' Mentality and Work Attitude"]

[Text] The enlarged meeting the Central Military Commission called for leading cadres at all levels to maintain a good mental condition and a good work attitude. In this regard, a remark by Comrade Deng Xiaoping should become our motto: Leading cadres must not just try to secure official positions, they must really contribute to our cause. Leading cadres at all levels in our Army shoulder the duty of commanding their troops to defend the motherland. They must all the more concentrate on their work wholeheartedly.

A person cannot accomplish anything if he is skittish about his work. The great cause of the Army's construction requires our wholehearted work. How should we modernize the Army? How shall we carry out reform in our military work? These questions concern the goal of the Army's construction and all aspects of our Army's work. Every step of the Army's modernization and reform will bring about many new questions in our practical work. So our leaders must really have certain knowledge and must first gain some experience; otherwise, they will not be able to make a correct decision or even to have a say. Therefore, a leading cadre must devote himself to his work. We should not merely listen to what he says, but must see whether he really concentrates on his work and achieves actual results. The leading position is the base for accomplishing something, and the techniques of leadership should be a science of practice. [paragraph continues]

If a leading cadre is to be competent, he must have certain knowledge and capabilities. But if people have almost the same learning and capability, the mental condition and work attitude will be more important. Because only people who can work hard in a down-to-earth manner can turn their knowledge into material strength and create a new situation in their work. Meanwhile, as real knowledge only comes from practice, through down-to-earth and diligent work, people with little learning whose capability is not so high can still enrich their knowledge and improve their capability. However, without a down-to-earth work attitude, nothing else can really play a role.

Indulgence in cosmetic and and deceptive practices is a chronic and stubborn disease that now prevents our leading cadres from concentrating on their actual work. People who have acquired such bad habits like to brag about their work by exaggerating the achievements, and also like to conceal the problems and faults in their work without reporting them to the higher leadership. If there are any problems, they just try to turn big problems into small problems and small problems into no problem at all, and do not seriously solve the problem according to the set principles. Such people like to pay lip service to the higher leadership and make promises to fulfill instructions from the upper level rather than really putting them into practice. They are keen on sounding out the intentions of the upper leaders so as to find favor with their superiors. If a leading cadre only thinks along these lines, how can he devote himself to the actual work? This unhealthy work style of seeking false fame will greatly harm the prestige of the leading organs and will also greatly harm the work of grass-roots units. It is also unfavorable to cadres' personal progress. We must notice that the evil trend of cosmetic and deceptive practices has appeared many times in the Army in recent years although we have made repeated efforts to check it. This is certainly related to the unhealthy work style of some leading cadres themselves. Now, some cadres often consider whether they will remain in the Army or will be demobilized, and such thinking has also impeded their concentration on their work.

This does not mean that people should not consider their personal future. A person is certainly getting older every year and may not always remain in the Army. During the present process of Army reorganization and force reduction, it is quite natural that Army cadres may consider their personal future and may have some personal hopes. But this thinking must not affect our routine work, and must not become a pretext for relaxing our efforts. First, we should maintain the party spirit and should understand that our personal future is determined by the needs of the Army's work rather than by our personal wishes. If our personal wishes are in contradiction with the needs of the Army's modernization, we must unconditionally obey the arrangement which is in line with the Army's overall interests. Second, we must always bear in mind that we, the leading cadres, are the people's servants, and we should think more about how to contribute more to the people during our tenure of office, and think less of our personal gains and losses. Here, we would do well to review the essay "Serve the People" by Comrade Mao Zedong. As long as we establish the idea of serving the people wholeheartedly, we will always be able to maintain a good mental condition.

#### JIEFANGJUN BAO CALLS FOR UNITY AMONG CADRES

HK071534 Beijing JIEFANGJUN BAO in Chinese 29 Apr 87 p 1

[Commentator's article: "Talking About Unity With a Broad Mind -- Second Talk on Leading Cadres' Mentality and Work Attitude"]

[Text] Unity among leading cadres is an important point in our talks about the proper mental condition of leading cadres. [paragraph continues]

Unity includes unity between leaders at the same level, between the superior and the subordinate, and between cadres inside and outside a unit. Of course, the most important is unity among leading bodies at all levels. If a leading body is united, it will act as a firm leadership core and vigorously advance the work. We are now in a period of succession of the new from the old. Through the reorganization of the Army, leading bodies at all levels certainly include members of different origin, so it is particularly necessary to emphasize unity.

Suspicious and mistrust are most harmful to unity. When people work in the same unit every day, it is unavoidable that there may be differences or arguments between the leading cadres in the same unit. So it is very important that they cherish their friendship and can reach understanding. Any member of the leading body should dearly cherish the honor of the leading collective, and should not place personal gains and losses above it. Our attention should be focused on the big matters rather than on minor details. Then we will achieve a more common language and work in full cooperation. In some units, there is now an unhealthy atmosphere. This can be described with an old saying that "all unnecessary fuss is made by the simple-minded or the narrow-minded." Because members of a leading body promptly achieve mutual understanding, some minor matters were exaggerated when an inaccurate message was relayed incorrectly, and finally a widespread uproar was raised. As a result, the minor matters became some "major differences," and the members of the leading body became leery of each other. The appearance of such a state of affairs reflects some cadres' narrow-minded character, which is still a demonstration of individualism. Therefore, it is necessary to emphasize the importance of the cadres' self-cultivation in morals. They should be required to be strict in their own behavior, be lenient with other people, be broad-minded enough to listen to different opinions, and have the qualities of not contending for fame and honor, not putting the blame on other people, and not giving thought to personal gains and losses. In a word, they should be broad-minded and bighearted.

In order to maintain unity, comrades should often exchange their opinions and ideas. No person is perfect, and it is not a terrible thing if there is a certain contradiction between the cadres. However, if they do not exchange opinions and ideas in good time, things may become worse, and minor problems may become serious problems because of people's deeper suspicions against each other. Therefore, it is necessary to constantly pursue the democratic system within the leading body, have frequent heart-to-heart talks so that everyone can frankly express their opinions and ideas, and carry out proper criticisms and self-criticisms to promptly solve problems. All this is indispensable for the unity of a leading body. Now, although some leading bodies hold many meetings, they seldom hold a meeting to promote the interpersonal relations between the members through exchanging opinions and ideas. Even if such meetings are occasionally held people do not really speak from the bottom of their hearts in a frank way. They meet each other every day, but they do not know what others are thinking about. As time passes, how could this not cause mistrust and difference between the members of the leading bodies? Only through exchanging ideas and carrying out mutual criticisms regularly in a frank and sincere manner and putting all problems on the table can we achieve the purpose of uniting all comrades through adhering to the principles on major issues and making mutual accommodation on minor issues.

The key to unity lies in the primary military commander and political commissar in a leading body. If the military commander and the political commissar in a leading body can be frank and sincere with each other, respect and trust each other, and support each other, then it will be easy to solve any unfavorable factors that may affect the unity of the leading body. If the military commander and the political commissar are united as one, then it will not be hard to implement the principle of democratic centralism, and the entire leading body will be able to keep in step when dealing with any major issues and thus firmly unite all the troops under its leadership.



WEN WEI PO ON DECISION TO REDUCE TROOPS, PART 4

HK070937 Hong Kong WEN WEI PO in Chinese 6 May 87 p 7

[Report by Yuen Hou-chun (5913 0624 2504): "The Last Page of the Kunming Military Region — The Inside Story of Cutting 1 Million Troops (Part Four)"]

[Text] They Are Making a Sudden Turn [subhead]

The cars were speeding for Kunming City in silence.

They are now making a sudden turn, a U-turn. "A small boat can easily make a turn," but their cars were too heavy. Still, they must make a turn! Chairman Deng said at the meeting that in whatever they do, they should take the overall situation into account. In the military field, it often happens that the part is sacrificed for the whole.

It should be said that the party committee and organs of the Kunming Military Region have so far done very well in streamlining and reorganization. Over the last 6 months, they have made full preparations to welcome their comrades in arms from the Chengdu Military Region. This indicates their lofty work style. The Kunming Military Region party committee decided that strict control should be exercised over the promotion of cadres to leave vacancies for comrades from the Chengdu Military Region. They even went too far in exercising such "strict" control. For example, posts will remain vacant until 1 June for 26 directors and deputy directors of organs under the headquarters, Political Department, and Logistics Department of the Military Region. None of the reports on filling the vacancies has been approved. The posts of president of the Military Court and chief procurator of the Military Procuratorate still remain vacant, so the signing of legal documents is a problem. The party committee's answer remains: This issue will be taken into consideration after the merging of the two military regions. In the meantime, the Military Region lost no time in persuading comrades nearly at retirement age to leave their posts early to create vacancies. Comrades who have retired are required to move to the cadres' rest house to leave more room in the dormitories. A beautiful dormitory building has just been completed in which 50 families can live. Cadres who lack apartments were looking forward to it with eager expectancy. But the decision of the party committee is that the entire dormitory building is reserved for comrades from Chengdu.

Between Feelings and Rules [subhead]

Some cadres who were originally to be promoted have missed the opportunity, and the welfare problem of some cadres which was originally to be resolved still remains unsettled. A number of old subordinates, including veteran cadres, have to make a great sacrifice... As their superiors, Zhang Zhixiu and Xile Zhenhua are experiencing a feeling of being heavily indebted.

How should we appraise this feeling? Should we speak highly of or find fault with it? Without such a feeling, a leader is absolutely not a good leader, with such a feeling, a leader may easily make mistakes.

It seems that our leaders have foreseen this contradiction. At the enlarged meeting of the military Commission, Deng Xiaoping and other leaders reminded the cadres present that they should not forget the overall situation when considering their problems and performing their duties. [paragraph continues]



Some matters may be small, but this point should be taken into account. For example, when the whole Army was changing uniforms in May this year, some people asked whether retired comrades could have new uniforms. In terms of feelings, it would not matter if a set or even 10 sets of new uniforms were issued to veteran comrades, as they went through fire and water for decades. But if new uniforms were issued to them, this would undermine the rules. Hence, the following question: Which is more important, showing consideration for their feelings or observing the rules? All veteran comrades of course understand that observing the rules is more important.

#### They Would Rather Go to the Front if There Were a Choice [subhead]

The overall situation must be given first consideration and orders must be carried out no matter how many difficulties one encounters and how many excuses one has. This is the minimum mentality and quality senior commanders should have. A Standing Committee meeting of the party committee of the Military Region made a decision in compliance with the decision of the enlarged meeting of the Military Commission. This decision includes resolutely carrying out orders on streamlining and reorganization, forbidding rush promotions of cadres by taking advantage of the present situation, forbidding the rush spending of a lot of money, and forbidding leaders to abuse their power to interfere in the arrangements of work for their children and attendants....

There is a glorious and proud chapter in the history of the Kunming Military Region over the last 30 years. It is now writing the last page of its history, which is the most unforgettable.

Like the Kunming Military Region, the Wuhan, Fuzhou, and Urumqi Military Regions as well as a large number of units below the Army level face the same problems. If they were allowed to choose, they would rather go to the front than be reorganized. But history has left them the latter. They are now experiencing very unusual times.

#### GUANGMING RIBAO ON UNIVERSITY DEMOCRATIC CHANNELS

HK071041 Beijing GUANGMING RIBAO in Chinese 28 Apr 87 p 1

[Commentator's article: "Widen the Normal Democratic Channels in Institutions of Higher Learning"]

[Text] Student unrest occurred in some cities at the end of last year. This was caused by the influence of the ideological trend of bourgeois liberalization on an extremely small number of university students. We should conduct education by positive example among these students who have made mistakes in their words and deeds. At the same time, we should also see that some of the students' views and suggestions have something recommendable. They are worthy of attention and should be used to improve our work. The reason these partially correct views were expressed in erroneous ways is because many university students lack training and cultivation in socialist democratic life and also because we have not encouraged the free airing of views, our democratic life is not yet perfect, and some leaders lack a democratic style and do not pay attention to the views of university students. Since there is no appropriate channel or opportunity for university students to express their correct views, the students' reasonable demands are not met and these views will eventually be expressed in inappropriate ways. [paragraph continues]

An effective way to solve this problem is to encourage extensive dialogue with university students, perfect the democratic system, develop various democratic channels, and let university students have more opportunities to speak and clear their doubts.

Our institutions of higher learning are important places for training qualified personnel for socialist modernization. How ideological and political work is carried out there has a most important bearing on whether excellent personnel can be trained for the country. To carry out effective ideological and political work among the students, it is necessary to have a democratic and harmonious atmosphere and a lively and unimpeded ideology. Therefore, leaders of institutions of higher learning should grasp as an important task the establishment of normal democratic channels and the creation of an atmosphere of unity, liveliness, and harmony in political and academic life. Leaders of institutions of higher learning should meet frequently with university students, hold direct dialogue with them, seriously listen to their views and suggestions, enthusiastically reflect their correct views, and earnestly improve their work in various aspects. Holding direct dialogue with university students is not something new at all. It was already practiced by leaders in some localities and institutions of higher learning in the past. The problem is that this practice was not consolidated by regulations and later given up. In some localities, the leaders go among university students whenever such a practice is stressed by leadership at a higher level or hold dialogues with students again after disturbances have occurred. Evidently, this is not enough.

The crux of the matter at present is that leaders of various universities should continue to hold dialogues with university students and perfect and develop this practice so that channels for university students to express their views can really be widened and socialist democracy can be fully and correctly manifested among university students. To attain this goal, it is imperative to pay attention to the following: First, the channels and ways of dialogue should be as diversified as possible.

There can be free discussion meetings, direct dialogue, and other ways. There can also be news announcement meetings, reception days, and so on. Young teachers, old professors, secretaries of university CPC committees, university presidents, leaders of various government departments, and entrepreneurs and men of action in the first line of reform and opening our country to the outside world can be invited to participate in these activities. Only by meeting frequently with university students to widen various channels and encouraging the free airing of views can various views and suggestions of university students be fully expressed. Besides, university students themselves can also widen their field of vision, hear more information, and make their knowledge more comprehensive through these activities.

Second, there should be regulations to ensure that these activities will be carried out for a long time to come. We should not regard dialogues and other ways as expedient measures for "coping with emergencies." Third, we should seek truth from facts and be sincere and honest. We should take a clear-cut stand and use appropriate means. We should not "talk like a bureaucrat," and much less should we lecture others with an attitude of occupying a commanding position. Instead, we should adopt an attitude of equality in listening to views and suggestions, seriously study and analyze them, fully affirm the reasonable ones, and point out the erroneous ones in good time. [paragraph continues]

We should not avoid difficulties and problems, but should dare to tackle them. Some reasonable and feasible suggestions should be put into practice in work in good time. Regarding reasonable suggestions that cannot be put into practice in work for the time being, we should patiently give explanations to gain the understanding and support of the students. Regarding unreasonable demands that should not be met, we should explicitly point them out and should not make promises at will or connive with them. As long as we can act according to what is mentioned above, the democratic channels in institutions of higher learning will certainly be widened.

To widen the democratic channels in institutions of higher learning, leaders at various levels and teachers of these institutions have much to do. Leaders of these institutions should frequently survey and find out the actual thinking of the students, study their views and demands, and, in light of the students' actual thinking, convincingly criticize the ideological trend of bourgeois liberalization and conduct education by positive example on adhering to the four cardinal principles. We should earnestly and effectively improve work in various aspects. We should not let things drift in ideological and political work for students, but our methods should be flexible and realistic. We should take a clear-cut stand in opposing the ideological trend of bourgeois liberalization, but should not use "opposing liberalization" as a pretext to suppress democracy and stop free airing of views. The latter case has occurred in some organizations and should be resolutely corrected.

The building of socialist democracy is a process that needs substantial political and cultural quality as a foundation. To really express their views and suggestions, university students should also learn to build and correctly make use of socialist democracy. They have acquired some cultural knowledge, but they lack social practice and political experience. It takes time for them to study and adapt to the new task of building socialist democracy. In the course of building socialist democracy, university students must solve problems such as what correct democratic procedures are, how to participate in democratic life, and so on. University students should clearly understand that making a great hue and cry is not an expression of socialist democracy and will only make things worse. After views defending socialist democratic rights can be freely aired, university students must still actively coordinate, strengthen the sense of the legal system, pay attention to resisting the influence of the ideological trend of bourgeois liberalization, and learn to correctly make use of these channels to express various views so that party organizations and leadership at various levels will understand and support them. University students should also believe that as long as their views are correct, they will certainly be understood and supported by the party and the Government.



WANG MENG ON TRENDS IN LITERATURE, ART CIRCLES

HK080500 Hong Kong WEN WEI PO in Chinese 8 May 87 p 3

["Special Article" by WEN WEI PO Beijing correspondent: "Wang Meng on Trends in Literature and Art Circles"]

[Text] Beijing, 5 May — It was reported some time ago that after the launching of the struggle against bourgeois liberalization Minister of Culture Wang Meng offered his resignation. In a recent meeting with reporters, the Minister of Culture, promoted from among the writers, denied this rumor. He also said that in the struggle against bourgeois liberalization, different writers have different reactions.

Wang Meng said: Chinese writers have different circumstances. Some people may be elated by the struggle against bourgeois liberalization, holding that after being stifled for a long time they now have the opportunity to air their views, to speak, and to do more writing. Because they are not ideologically prepared, some others feel uneasy about some aspects of the current development and want to think them over and to make observations. There are also some writers who think that they can still go on with their artistic creation. They do not think that the struggle against bourgeois liberalization has made it impossible for them to go on with their writing, nor has it increased their misgivings.

On the question of what encouragements should be given to writers, Wang Meng said that we encourage writers to do a lot of things. For example, we encourage them to go to all levels of society to gain a better understanding of things and to broaden their horizon on life; we also encourage writers to study Chinese history, particularly modern Chinese history, and to gain a better understanding of the process of social development, as well as the origin and effect of China taking the socialist path. But it is up to a writer to write what he or she wants.

As for the question of whether or not the theatrical circles are affected by the struggle against bourgeois liberalization, Minister Wang Meng said: Through studies, the theatrical circles should deepen their understanding of China's struggle against bourgeois liberalization, and carry out their creative activities boldly, soundly, and normally.

Wang Meng also held that an artist should not be affected by the prevailing trends of thought and that neither the "leftist" nor the "rightist" trends of thought should seriously disturb artists.

When a reporter asked his view on what had happened to Liu Binyan, Liu Xinwu, and Wu Zuguang, Wang Meng said that Liu Binyan's expulsion from the party was an internal affair of the party. Wang Meng indicated that he was still very much concerned about Liu's life and writing. On the question of similarities and differences between Wang Meng's and Liu Binyan's works, Wang asked reporters to carefully read their works to clearly see the options they had made. As to whether or not Liu Xinwu would be able to resume his post as editor in chief of RENMIN WENXUE, Wang Meng said that it was a matter for the Writer's Association to decide. He also held that Liu Xinwu was still a promising writer having achieved some successes. As for Wu Zuguang, Wang said, he is keen on criticizing all sorts of things but some people may disagree with him.

Then, will the struggle against bourgeois liberalization affect cultural exchanges with foreign countries? [paragraph continues]

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Wang replied: We have conducted cultural exchanges in such a vigorous and selective way that there is no question of bourgeois liberalization. China's current strict control on expenditure has rather affected cultural exchanges. For example, the economic factor has made it impossible for us to invite some opera troupes we have planned to invite. Nevertheless, exchanges in various music and popular songs will still go on. It is only that there is still no plan to invite Teresa Teng [a famous Taiwan popular singer] for a singing performance.

Wang Meng's view on sex literature is that, in view of the fact that the youths and adolescents are still not provided with the necessary protection psychologically, literature and art works will indeed have an unfavorable effect if they excessively wantonly and flagrantly describe sex behavior and sexual desires.

#### PENG ZHEN COMMENTS ON SPECIAL ECONOMIC ZONES

OWO72344 Beijing XINHUA Domestic Service in Chinese 1348 GMT 7 May 87

[By reporters Li Shangzhi and Cai Zhongzhi]

[Text] Guangzhou, 7 May (XINHUA) — Peng Zhen, a member of the Political Bureau of the CPC Central Committee and chairman of the NPC Standing Committee, inspected Shenzhen and Zhuhai recently. He said: Those two special economic zones [SEZ] have opened themselves wide to other parts of the world, invigorated the domestic economy, and developed quickly. They are filled with a new atmosphere. They have developed successfully along a correct path.

He pointed out: The experience of these two special economic zones shows that the decision and the series of special policies adopted by the CPC Central Committee on establishing the special economic zones are correct. It also shows that China needs to continue to intensify reforms, open itself still wider to other parts of the world, and further enliven its domestic economy.

Accompanied by Liu Ruo, secretary of the Guangdong Provincial CPC Committee, and Luo Tian, chairman of the Standing Committee of the Guangdong Provincial People's Congress, Peng Zhen inspected, between 1 and 6 May, a number of Sino-foreign joint ventures and some enterprises that had established lateral ties in Shenzhen, Zhuhai, and Guangzhou. He talked to the responsible persons and workers of these enterprises, inspected urban construction work, and met with and talked to the Standing Committee members who were attending the 26th session of the Standing Committee of the Sixth Guangdong Provincial People's Congress, as well as the responsible comrades of the Public Security, Procuratorial, and Judicial Departments in Guangdong Province. He also separately held forums with the leading comrades of Guangdong Province and the two cities of Shenzhen and Zhuhai.

Shenzhen and Zhuhai were two small backward townships before. After 6-7 years of hard work, the two special economic zones are now well developed in production, and the people there have significantly raised their living standards and preliminarily played well their role as "windows" and "open fans" [shen mian fu she 2082 7240 6553 1410]. The total output value of industry and agriculture in Shenzhen reached 3.81 billion yuan in 1986, while that of Zhuhai reached 920 million yuan. After inspecting the two cities, Peng Zhen cheerfully said: "The kind of desolate scene I saw when I visited Shenzhen in 1980 is no longer in sight. The construction in Zhuhai has also been rapid. This is encouraging news."

Peng Zhen pointed out: Special things must be done in a special economic zone. Under the guidance of the four cardinal principles, special economic zones must be allowed to do things on an experimental basis — things that other localities are unable to carry out. It is necessary to boldly carry out reform according to the actual conditions of the special economic zones. We must discard outmoded practices that do not conform to development of the social productive forces and economic development in the special economic zones. From now on, special economic zones need to intensify reforms, open themselves still wider to other parts of the world, and further enliven their economies.

Peng Zhen told the leading cadres of the two special economic zones that to properly carry out work in special economic zones, we must pay attention to two major tasks — the vigorous development of social productive forces, and the building of an export-oriented economy. While developing production, we must continue to raise the people's living standards. He said: China has some favorable conditions. We have abundant manpower and rich material resources. Other countries and regions cannot match China in this respect. The two special economic zones have powerful backing. Not only is Guangdong Province your "shareholder," but so is the entire nation. Right now, you already have a fairly good environment and good conditions for investment. Naturally you still need to improve yourselves continuously. The special economic zones will become better and better as long as you uphold the four cardinal principles; adhere to the principle of carrying out reform, open to the outside world, and enliven the domestic economy; earnestly sum up your experience; add to your achievements; continue to exert yourselves; and raise your standards and work efficiency.

He emphatically pointed out: The special economic zones are at the forefront in opening to the outside world. While vigorously developing socialist material civilization, we must enthusiastically promote socialist spiritual civilization. He said: To develop the program of socialist modernization, we must have a social environment of stability and unity. First of all, we must achieve unity within the party to give impetus to construction. Special economic zones may enact rules and regulations in accordance with their own actual conditions — as long as such rules and regulations do not contravene the Constitution or the law — so that they may carry out their work according to the laws and the regulations. In short, it is essential to create a fine environment of stability and unity for the special economic zones so that investors at home and abroad will feel at ease making investments and running enterprises in special economic zones, thus quickening the tempo in building Shenzhen and Zhuhai. Although the social system in Hong Kong and Macao differs from that in Mainland China, the overwhelming majority of people there are Chinese. All of us are the descendants of the Yan and Huang emperors. Shenzhen and Zhuhai must coordinate with Hong Kong and Macao and promote each other in order to bring about common prosperity.

Peng Zhen said: In developing industry, the special economic zones must turn out more high-grade, precision, and advanced products, instead of trying to develop projects that are big and all-inclusive. In carrying out national construction, we should not follow the same pattern. We must suit measures to local conditions. The special economic zones should place emphasis on developing export-oriented economies.

Talking to leading cadres from Guangdong Province and the two cities of Shenzhen and Zhuhai, Peng Zhen repeatedly pointed out: At the present stage, China must promote planned socialist community economy with the system of public ownership as the foundation. It must fully respect the objective economic laws and discard those outmoded practices which do not conform with the development of social productive forces. It must assimilate and introduce successful managerial expertise and advanced technology from abroad.



He said: Right now, China has not done enough in carrying out reform, opening to the outside world, and enlivening the domestic economy. From now on, we must continue to intensify reforms, open ourselves still wider to the world, and further enliven our domestic economy. All this is necessary in developing socialist commodity economy, in building socialism with Chinese characteristics, in realizing the four modernizations, and in making our nation and people rich. This general principle will remain unchanged. He emphatically pointed out: We must develop planned socialist commodity economy with the system of public ownership as the foundation, further carry out reform, open to the outside world, and enliven our domestic economy, while upholding the four cardinal principles. Otherwise we will lose the correct bearing.

Comrade Peng Zhen also said: Leading cadres must uphold dialectical materialism as well as historical materialism; adhere to the concept of one dividing into two; seek truth from facts; ceaselessly sum up experience; correct mistakes at all times; bring into full play the fine traditions of waging arduous struggles and running all undertakings with diligence and thrift; develop the campaign to increase production, practice economy, raise revenues, and reduce expenditures; and make concerted efforts to carry out their work even better.

#### STATE COUNCIL APPROVES CITIC INDUSTRIAL BANK

OWO71208 Beijing XINHUA in English 1144 GMT 7 May 87

[Excerpt] Beijing, May 7 (XINHUA) -- With State Council approval, an industrial bank under the China International Trust and Investment Corporation (CITIC) handled its first transactions today. "The Beijing-based Citic Industrial Bank was founded with the corporation's former banking department as a base," one of the bank's senior officials said, "and the credits and liabilities of the existing banking department were automatically transferred to the new bank." He also said, "The new bank will deal in both domestic and international banking banking by exploring and adopting flexible and diversified services now available on the international financial market."

The bank's business scope will include:

- Chinese and foreign currency deposits;
- Chinese and foreign currency loans and discounts;
- Domestic and international interbank transactions;
- Export credit;
- The arrangement of an participation in syndicated loans;
- Trade-related and non-trade-related international clearing;
- The floating of foreign and domestic stocks and bonds, and the trading and transfer of securities either independently or as an agent;
- Foreign exchange transactions involving the trading of Chinese and foreign currency;
- A trust and guarantee business;
- Investment and financial consultation services;
- Domestic and foreign leasing; and
- Investment insurance or other types of insurance commission.

"The new industrial bank and Hong Kong's Ka Wah Bank are both under the CITIC group," the official explained, "and they will work closely but be independent in business scope and transactions."

CITIC Chairman Rong Yiren is the bank's honorary chairman, CITIC Vice-Chairman Jin Deqin is the bank's chairman, and CITIC Vice-president Song Ziming is the vice-chairman and the bank's president, he added. [passage omitted]

FOREIGN EXCHANGE RESERVES RISE IN 1ST QUARTER

HK080210 Beijing CHINA DAILY in English 8 May 87 p 1

[By staff reporter Guo Zhongshi]

[Text] China's foreign exchange reserves increased to \$10.8 billion in the first quarter of this year, an increase of \$300 million since the end of last year. This marks a rise in the country's foreign exchange reserves for the first time since 1984, according to the State Statistical Bureau, which attributed the good performance to favourable trade volume, increased foreign investment, more contracts on overseas projects, labour cooperation and faster development of the country's tourism industry.

The foreign trade deficit at the end of the first three months of this year was \$1.05 billion. It was more than \$3 billion for the same period last year. The shrinking trade deficit was brought about by a record high export volume that topped \$7.28 billion, making a significant jump the first time from the past export volumes of around \$5 billion a year, said the bureau. Of the total export volume, textile products accounted for 44.6 per cent, reaching \$3.25 billion, a rise of 39.5 per cent compared with the same period last year, the bureau reported.

As a result of state control, the amount of imported merchandise was reduced by \$440 million, import of heavy industrial products in particular dropped by \$1 billion from last year, according to the bureau.

By the end of March this year, China had signed 348 contracts for projects that would absorb \$1.43 billion of overseas investment, the bureau said, adding that the actual amount of foreign investment used in the first three months of the year amounted to \$1.09 billion. During the same period, China has provided other countries with aid such as complete sets of equipment, general materials and financial help worth 250 million yuan (about \$80 million). The bureau said that the contracts China signed with other countries for project construction and labour co-operation in the first three months of this year had reached \$450 million.

Meanwhile, the number of overseas tourists coming to China reached 6.07 million, a 12.6 percent increase over the same period last year, said the bureau. Among the travellers, some 5.7 million people were from Hong Kong and Macao, 15,000 people were overseas Chinese and 316,000 were foreigners. The country's tourism industry earned \$380 million in this period, an increase of 46.1 percent over last year's figure.

However, despite the rapid growth of China's foreign trade and tourist industry, the bureau warned of problems that exist in the overall balance of payments situation.

The bureau cited unsatisfactory sales volumes of export commodities. The total contracted sales volume in the first quarter of this year was \$8.49 billion, a drop of 7.8 percent compared with the same period last year, a situation that "will affect the export picture for the entire year," the bureau said.

Meanwhile, it said, the negotiated amount of foreign investment this year was less than that of the same period last year, which will also affect the actual utilization of foreign investment in China this year.

CONTINUING DISPUTES NOTED IN GUANGDONG

HK080358 Hong Kong SOUTH CHINA MORNING POST in English 8 May 87 p 2

["From Lulu Yu in Zhanjiang, West Guangdong"]

[Text] There was no sign of a disgruntled community in this western Guangdong city which, according to a Taiwan report, saw a clash between soldiers and workers that left 11 people dead and many others wounded two months ago.

If the incident did occur, few seemed to be aware of it yesterday. But friction between oil field workers and authorities was not uncommon, residents said.

Three manual labourers of the Nanhai West Oil Corporation, a subsidiary of the state-owned China National Offshore Oil Corporation (CNOOC), told the SOUTH CHINA MORNING POST that there had been "some trouble" about two months ago, involving "a number of offshore workers" and officers of the nearby navy base. Other sources said friction and disputes were not infrequent because of the mixture of local people, out-of-towners and expatriates working in a fairly compact community.

Only last week, one official of the oil company said, there was a brawl between the locals and expatriates over the use of helicopters.

Zhanjiang, 500 km west of Guangzhou and on the tip of the Leizhou Peninsula, occupies a strategic location in the South China Sea. Base 204, Zhanjiang's military port, houses a ship repair wharf and lies adjacent to the 2.5 sq km development of Nanhai.

Some 300 protesting Nanhai workers had been attacked by soldiers on March 2, according to Taipei's Kuomintang-controlled Central News Agency (CNA).

The three workers were not certain of any association between the alleged incident and the "trouble" they'd heard about. They could not supply verifiable details, saying that incidents were always "covered up to an almost foolproof extent".

"Things happen, but no one will ever find out for sure," one of them said. "The authorities never acknowledge them and those involved are always sent away, silenced." He requested anonymity but produced his work pass as proof of identity.

Nanhai and CNOOC's Hong Kong office categorically denied allegations in the CNA report, which was first published in pro-Taiwan newspapers early this week.

GUANGXI PEOPLE'S CONGRESS SESSION OPENS 7 MAY

HK080205 Nanning Guangxi Regional Service in Mandarin 0930 GMT 7 May 87

[Excerpts] The Fifth Session of the Sixth Guangxi Regional People's Congress opened in Nanning today. [passage omitted] The executive chairmen today were Chen Huiguang, Gan Ku, Huang Yun, Qin Yingji, Jin Baosheng, Zhong Feng, Li Yindan, Lin Kewu, Shi Zhaotang, Huang Jia, Zhao Mingjian, Wei Zhangping, Gan Huaiyu, Qin Zhenwu, and Zhang Jingming.



Wei Chunshu, chairman of the regional people's government, delivered a government work report. The 23,000-character report was in three main parts: 1) The work performance in 1986; 2) deepen the reforms and launch the double increase and double economy drive to maintain sustained and steady economic development; 3) uphold the four cardinal principles, strengthen the building of spiritual civilization, and consolidate and develop the political situation of stability and unity. [passage omitted]

Wei Chunshu said: In 1986 the regional government focused on the following tasks: Strengthening basic agricultural work to promote the development of rural commodity economy; continuing to carry out urban economic structural reforms, thereby invigorating the enterprises to some extent; getting a good grasp of key construction work and technological transformation to boost the reserve strength for economic development; adhering to the principle of opening up to the world and expanding foreign economic relations and trade; taking positive steps to speed up development and construction in poor areas and promote the work of extricating them from poverty and making them rich; strengthening the building of socialist spiritual civilization, and attaching importance to the development of science, education, culture, public health, physical culture, and so on.

On deepening the reforms, launching the double increase and double economy drive, and maintaining sustained and steady economic development, Wei Chunshu said [begin recording]:

The region should carry out two main tasks in economic work in 1987. First, we must launch a regionwide drive to increase production, practice economy, increase revenue, economize expenditure, and promote the social mood of waging arduous struggle, building the country with hard work and thrift, making greater contributions, and strictly observing discipline. Second, we must continue to deepen the reforms, with the focus on boosting the reserve strength of agriculture and invigorating the enterprises. Through hard work in all sectors, we should take still bigger strides in economic construction, and maintain sustained and coordinated development. [end recording]

In part three of his report, Wei Chunshu pointed out that in common with the whole country, Guangxi has achieved stability and unity since the 3d Plenary Session of the 11th CPC Central Committee. People's minds are at ease and they are working wholeheartedly to build the four modernizations. However, there are still a number of factors for instability in society, and we must by no means underestimate the influence of bourgeois liberalization. We must fully cherish and preserve and develop the excellent situation of stability and unity. We must adhere to the four cardinal principles, bring socialist democracy into full play, resolutely oppose bourgeois liberalization, and continually push ahead the building of socialist spiritual civilization. [passage omitted]

In the afternoon, regional government Vice Chairman and Planning Commission Chairman Zhang Chunyuan delivered a report on the draft plan for the region's economic and social development in 1987. Liu Mingshan, deputy director of the regional finance department, reported on the final accounts for 1986 and the draft budget for 1987.

In his report, Zhang Chunyuan reviewed the performance in fulfilling plans in 1986, the main tasks and development focal points for 1987, and the measures to be adopted to fulfill the plans. Liu Mingshan discussed the region's final accounts for 1986 and the draft budget for 1987 together with the tasks to be carried out to fulfill this budget.

HUNAN LEADERS ATTEND PROVINCIAL CPPCC SESSION

HK061428 Changsha Hunan Provincial Service in Mandarin 1000 GMT 5 May 87

[Excerpts] The Fifth Session of the Fifth Hunan Provincial CPPCC Committee was solemnly opened on the morning of 5 May at the auditorium of the provincial party committee in Changsha. Seated on rostrum in the auditorium were Cheng Xingling, chairman of the provincial CPPCC Committee, and Yin Changmin, Zhou Zheng, Tong Ying, Ling Minyou, Lu Huilin, Peng Mingding, Xu Junhu, Chen Xiangchan, Chen Hongxin, and Liu Guoan, vice chairmen of the provincial CPPCC Committee. The following responsible comrades from the provincial party, government, and military organizations attended the opening session to warily acclaim the opening: Mao Zhiyong, Xiong Qingquan, Liu Zheng, Li Fusheng, Chen Bangzhu, Jiang Jinliu, Shen Ruiping, Zhao Chuqi, Ji Zhaoqing, Gu Shanqing, and Luo Haifan.

Zhou Zheng and Ling Minyou, vice chairmen of the provincial CPPCC committee, presided over this morning's session. [passage omitted]

Cheng Xingling, chairman of the provincial CPPCC committee, delivered the opening speech. [passage omitted]

Entrusted by the standing committee of the fifth provincial CPPCC Committee, Yin Changmin, vice chairman of the provincial CPPCC Committee, delivered a report on the Standing Committee's work at the opening session. [passage omitted]

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FINANCIAL SECRETARY MEETS WITH PRC'S JI PENGFEI

OWO60759 Beijing XINHUA in English 0733 GMT 6 May 87

[Text] Beijing, May 6 (XINHUA) — Ji Pengfei, Chinese state councillor and director of the Hong Kong and Macao Affairs Office under the State Council, met Hong Kong Financial Secretary Piers Jacobs and his party here today.

Present were Wang Deyan, chairman and president of the Bank of China, and British Ambassador to China Richard Evans.

100 Years Vow 'Unchanged'

HK070450 Hong Kong Commercial Radio in English 0430 GMT 7 May 87

[Text] There has been another assurance from a top Chinese leader that Hong Kong's system and lifestyle will remain unchanged well into the future. This time it came from the director of the Hong Kong and Macao Affairs Office, Ji Pengfei, during a meeting with Financial Secretary Piers Jacobs. He said Mr Ji reiterated a recent statement by Chairman Deng Xiaoping that Hong Kong could remain unchanged for as long as 100 years. Mr Jacobs was speaking to newsmen at Kai Tak on his return from a 5 day visit to Beijing.

Extension of Capitalism Reiterated

HK080338 Hong Kong SOUTH CHINA MORNING POST in English 8 May 87 p 1

[Text] China has reiterated that Hong Kong can keep its capitalist system unchanged for a century — this time to the Financial Secretary, Mr Piers Jacobs.

Mr Jacobs and the Secretary for Monetary Affairs, Mr David Nendick, returned yesterday from six days in Beijing in which they had a series of meetings with Mr Ji Pengfei, the head of the State Council's Hong Kong Macao Affairs Office and other senior Chinese officials.

"Mr Ji reiterated to me Deng Xiaoping's recent remarks that there was no reason not to extend the Joint Declaration for another 50 years if everything goes well in Hong Kong," Mr Jacobs said.

The declaration specifies that Hong Kong can maintain its capitalist system and its present freedoms and life style for 50 years after 1997.

Mr Jacobs said he had briefed Mr Ji on the economy of Hong Kong and the state of public finance.

During the meeting, Vice Minister Li stressed that China would maintain its open-door policy.

Mr Jacobs said the Chinese officials also accepted that it was useful to maintain the existing link between the Hong Kong and US dollars.



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